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EC Role Sought on Security

U.S. Official Calls Bush Receptive to Paris-Bonn Idea

By Joseph Fitchett
International Herald Tribune

BRUSSELS — West Germany and France have agreed to seek a European Community declaration on relations with the United States that would affirm a stronger EC role in managing Western security, West German and French officials said Friday.

A U.S. official, confirming that preliminary contacts were under way on the proposed EC initiative, said that the Bush administration was receptive to the idea on the condition that it not undercut NATO's role as the pivot of Western defense and security cooperation.

In the eyes of its sponsors, the new vision of trans-Atlantic relations could raise Europe's profile in Washington and perhaps broaden U.S. political contacts with the EC at the expense of bilateral contacts with European governments, officials said.

An EC initiative along these lines has been advocated for months by Foreign Minister Hans-Dietrich Genscher of West Germany.

He wants to lock in the pledge made in December by James A. Baker 3d, the U.S. secretary of state, to broaden U.S.-EC dialogue beyond an economic focus.

Following the wide-ranging agreements West Germany reached this month with the Soviet Union over German reunification, Mr. Genscher stepped up his efforts to arrange a compensating measure to reaffirm that Germany's primary allegiance is to the West.

The EC nod toward its trans-Atlantic ties would provide diplomatic balance for a move by France.

Paris wants to sign a treaty of friendship and cooperation with the Soviet Union as part of what one official called "the overall package of mutual guarantees and wider ties among Europe and the Soviet Union shaping up around the CSCE summit."

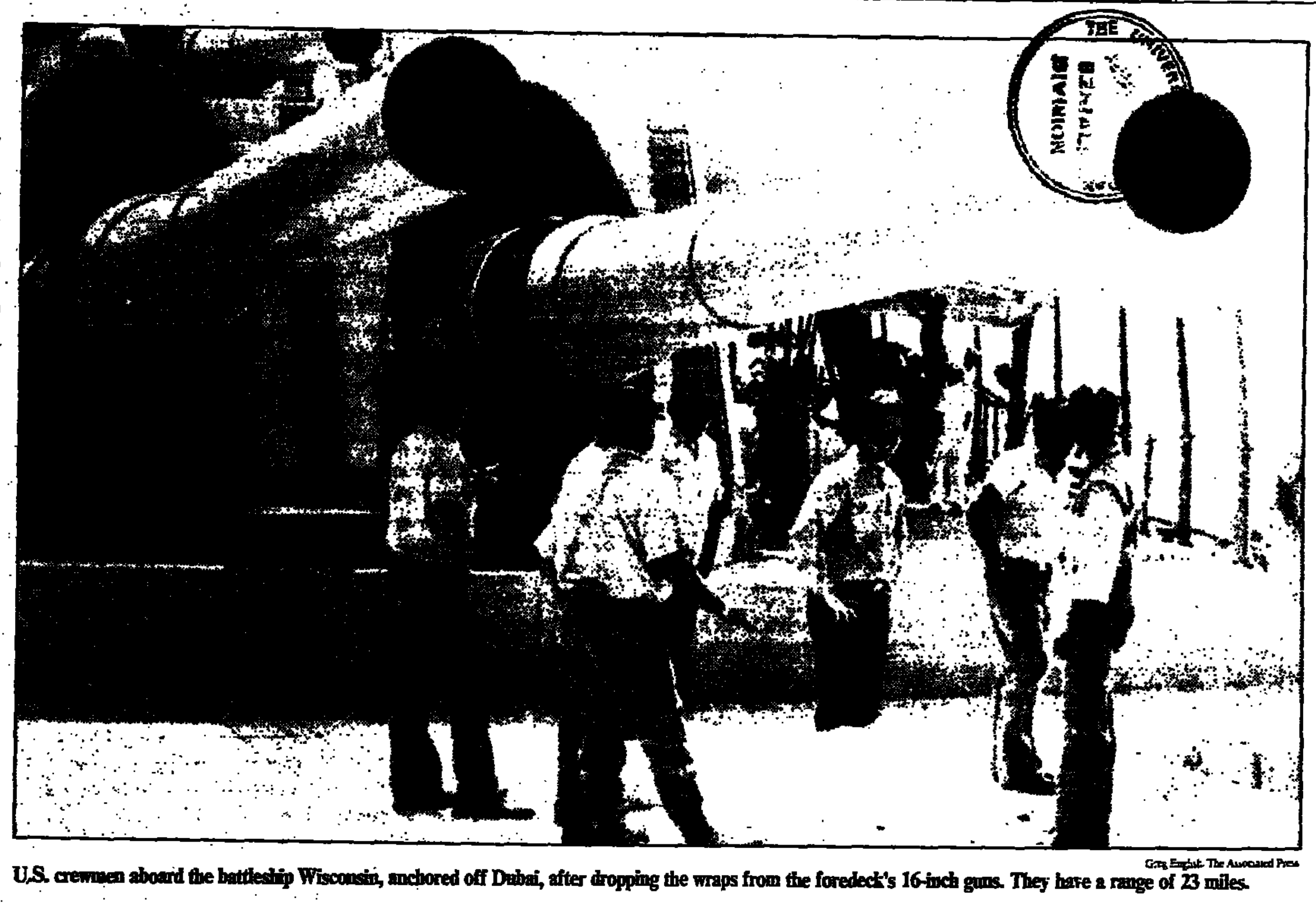
The reference was to a meeting this fall of the Conference on Security and Cooperation in Europe.

The new French-German initiative may help quell fears in Paris about a united Germany growing cooler to West European integration and losing interest in sharing EC leadership with France.

The move by Bonn and Paris also fits into a much bigger picture of political maneuvering, as allied governments come to grips with the rapidly diminishing global role of the Soviet Union.

"We have entered a world with only one superpower, the United States," said a Western ambassador at a Brussels conference on possible changes in the Western alliance. "That situation is forcing European governments to rethink their policies toward the Soviet

See ACCORD, Page 4



Greg English/The Associated Press
U.S. crewmen aboard the battleship Wisconsin, anchored off Dubai, after dropping the wraps from the foredeck's 16-inch guns. They have a range of 23 miles.

Bush Warns Iraq That Terrorism Would Touch Off Strong Reaction

The Associated Press

WASHINGTON — President George Bush warned Friday that any support for terrorism by President Saddam Hussein of Iraq "would indeed have serious consequences," and he expressed concern over Iraq's "systematic dismantling" of Kuwait.

"Terrorism concerns me," Mr. Bush said.

"I will hold him — as will our allies — directly responsible for terrorist acts," Mr. Bush said of the Iraqi leader.

The president said he still hoped to see a peaceful resolution of the Gulf crisis, and he added that he was determined to wait for international economic sanctions to force an Iraqi withdrawal from Kuwait.

He said he did not intend to be sending a signal that he was shifting more toward military action to resolve the crisis.

Mr. Bush was speaking at an impromptu news conference on the White House lawn shortly before boarding a helicopter for a weekend at his retreat at Camp David, Maryland.

Asked about whether the United States and United Nations would make a commitment not to initiate hostilities, Mr. Bush said:

"I'm not making any commitments. There are so many contingencies. I've spelled them out. The treatment of American citizens is one thing that concerns me greatly. The possible use of terror is another thing that concerns me greatly."

Mr. Bush also expressed concern over harsh Iraqi treatment of Kuwait. His remark followed reports of looting in Kuwait and other misconduct by the occupying Iraqi army.

Referring to consultations in the United Nations on new sanctions against Iraq, Mr. Bush said that if the international community decided on measures that would include "forcing planes down that could be carrying contraband, obviously the United States would do its part."

Mr. Bush also ridiculed Mr. Hussein's plan to make a broadcast address of more than a hour to the American people.

"That would just finish him off in the United States," he said. "I don't know about the rest of the world. Nobody could stay awake."

Baghdad said Thursday that negotiations were under way to have the address broadcast on American television. A speech by Mr. Bush was shown on Iraqi television last Sunday.

The White House said Thursday that it would do nothing to block Mr. Hussein's message.

More Gulf News

Japanese motorists are only now beginning to pay a bit more for gasoline. Page 3.

Saudi Arabia would look elsewhere for arms if U.S. cut Riyadh's request. Page 2.

The EC Commission proposed to broaden and tighten the trade embargo. Page 3.

■ Bellicose Iraqi Remarks

Alan Cowell of The New York Times reported from Cairo:

Iraq's leaders urged their compatriots Friday to prepare for battle and reinforced their most bellicose

See IRAQ, Page 4

Oil, at Record $35, May Stay High on War Fears

Compiled by Our Staff From Dispatches

NEW YORK — Oil prices shot above $35 a barrel Friday to a record high on the futures market, as traders responded to a statement by the Iraqi president that his citizens should be ready for war.

Ann-Louise Hittle, a senior oil analyst with Shearson Lehman Brothers Inc., said President Saddam Hussein "made it clear he is not going to retreat, and I think that has got the market on edge again about the possibility of military escalation."

John Azarow, an analyst at Smith, Barney, Harris and Upham, said: "I think we are looking at a $38 market within the next couple of weeks. We wouldn't need to have a war."

New York stock prices were driven lower by the tension in the oil market. The Dow Jones industrial average closed 5.94 points down, at 2,512.38 (Page 12).

At the close on the New York Mercantile Exchange Friday, light sweet crude was up to $35.30 a barrel for November delivery contracts.

In Washington, the World Bank said the cost of oil could rise to $65 a barrel if war broke out in the Gulf, while prices below $30 would spell serious economic problems for at least 60 developing nations.

The bank's economists outlined four scenarios in a paper on the Gulf crisis, ranging from a peaceful outcome with minimal disruption to world oil markets to, simply, "War."

"If efforts to defuse the existing crisis fail and war breaks out in the Middle East, Iraqi, Kuwaiti and Saudi oil fields could suffer long-lasting damage, effectively removing up to 10 million barrels a day from the world market," they said.

"World oil prices would rise to unprecedented levels in 1990 and 1991 and would remain at $30-$40 for another five years or so."

Under this scenario, oil prices would average $58 a barrel in the second half of 1990 and $65 through 1991, falling back only to $44 in 1992 on the assumption that the war was not a protracted one.

In Paris, the International Energy Agency, the West's energy watchdog, said there was no need

See OIL, Page 12

Bush's Son Sued in S&L Case

Compiled by Our Staff From Dispatches

WASHINGTON — Federal regulators filed a civil suit Friday against President George Bush's son Neil and other officers of a bankrupt Colorado savings and loan association, accusing them of "gross negligence" and seeking damages of $200 million.

"Our conclusion is that Silverado was the victim of sophisticated schemes and abuses by insiders, and of gross negligence by its directors and outside professionals," said Douglas H. Jones, senior deputy general counsel of the Federal Deposit Insurance Corp., the agency that brought the suit.

The suit, filed in U.S. District Court in Denver, was entered four days before Neil Bush is scheduled to appear before an administrative law judge to defend himself against charges that he violated conflict-of-interest laws while serving as a director of the Silverado Banking, Savings & Loan Association.

Federal regulators have accused Mr. Bush of failing to disclose personal involvement in business transactions with two of the saving and loan's large creditors and preferred stockholders.

Mr. Bush has denied the charges.

The collapse of the U.S. savings and loan industry has become a central issue in the midterm elections across the United States.

Neil Bush and the other directors would be personally liable for the $200 million in damages sought in the suit. Mr. Bush and his attorneys could not be reached for comment.

President Bush has said that he will not interfere in the case, and he has expressed confidence that his son has done nothing wrong.

Neil Bush served on the board of the institution from August 1985 to August 1988. It was seized by regulators on Dec. 9, 1988. The failure cost taxpayers an estimated $1 billion.

The FDIC said that improper loans and investments were made by Silverado's officers and approved by its directors. Many of the transactions violated federal regulations, it said.

The agency also named the thrift institution's lawyers as defendants.

In the conflict-of-interest hearing next week, the Office of Thrift Supervision is seeking an order against Mr. Bush that effectively could bar him from working for a bank or a savings and loan.

The thrift agency contends that Mr. Bush failed to adequately disclose to Silverado his business relationships with two developers, Kenneth M. Good and Bill L. Walters, big borrowers who defaulted on their loans. *(AP, UPI)*

Gennadi Galperin/Reuters
Stanislav S. Shatalin, left, talking with deputies Friday about his 500-day program for a free-market economy. (Profile, Page 4).

Zulu Chief Seeks to Clarify ANC Offer

By David B. Ottaway
Washington Post Service

JOHANNESBURG — The Zulu leader, Chief Mangosuthu Buthelezi, said Friday that he welcomed an invitation to meet the African National Congress leader, Nelson Mandela, to help end the township violence wracking South Africa, but he said he first wanted to verify that the ANC's peace offer was "genuine."

In a statement of conditional acceptance, Chief Buthelezi said he would urgently seek clarification from Mr. Mandela to assure himself that the African National Congress was genuinely seeking to lessen the violence and bring about peace.

"If I find that the intentions were genuine, I will certainly go there," he said.

"But I will go there as president of Inkatha," he added referring to the Inkatha Freedom Party.

His conditional response raised hope that South Africa's two main black rival parties, the African National Congress and Inkatha, were finally on the road to finding a political modus vivendi that is widely regarded as essential if further bloodshed in the townships is to be avoided.

Chief Buthelezi is president of the Zulu-based Inkatha Freedom Party as well as chief minister of the nominally self-governing KwaZulu homeland in eastern South Africa. He insisted in his statement that the African National Congress must deal with him as Inkatha's leader, not a homeland chief minister, and recognize that only his party could help resolve the causes of the violence.

He said he wanted to verify with Mr. Mandela that the invitation was not part of a "deliberately strategized attempt to deny me my prime political identity as president of the Inkatha Freedom Party."

Despite these provisos, it appeared that the long-delayed meeting between South Africa's two main black leaders — the first since Mr. Mandela's release from prison in February — was finally in the offing.

Although Mr. Mandela has never opposed it, much of the ANC leadership and rank-and-file membership has fought strenuously for months to block such a meeting, calling Chief Buthelezi an "enemy of the people." They argued that any meeting with Mr. Mandela would legitimize Chief Buthelezi as a national political leader and enhance his stature.

Thus, the ANC invitation represented a major concession and turnabout in policy toward him. Had this happened in the spring, much of the violence in the last two months involving ANC and Inkatha fighters might have been

See CHIEF, Page 4

Direct Rule May Be Necessary, Gorbachev Says

By Michael Dobbs
Washington Post Service

MOSCOW — President Mikhail S. Gorbachev said Friday that he might be forced to introduce direct presidential rule and other emergency measures in some regions of the Soviet Union in order to save his *perestroika* program of economic change.

Addressing the Supreme Soviet, Mr. Gorbachev said that immediate action was necessary to halt the collapse of the economy and prevent a breakdown in law and order.

He also urged deputies to grant him extensive new powers to rule by decree over the coming months in order to ease the transition to a market economy.

Constitutional amendments and new laws introduced earlier this year give the president broad emergency powers, including the right to suspend local and federal government organs, to avert threats to the country's stability.

His statement Friday was the clearest indication yet that he may seriously be considering a temporary return to authoritarian rule in some parts of the country.

Describing the political and economic situation as "unstable," Mr. Gorbachev said he was opposed to the introduction of a state of emergency all over the Soviet Union, saying that such a move would be premature.

But he warned that it might be necessary to declare presidential rule in cer-

See SOVIET, Page 4

Kiosk

Chase to Cut 5,000 Jobs

NEW YORK — Chase Manhattan Corp. said Friday that it expected a $625 million third-quarter loss after setting aside $1 billion to cover loan losses and a restructuring that includes 5,000 layoffs. (Page 11.)

Dow Close
2,512.38
Down
5.94

The Dollar in New York

DM	1.5785
Pound	1.8435
Yen	138.65
FF	5.2805

General News

A breakthrough in the fight against cystic fibrosis was announced. Page 3.

Benazir Bhutto seems to be gaining support as the election campaign begins. Page 2.

Sports

The United States and Austria are 1-1 in their Davis Cup semifinal, while Australia leads Argentina, 2-0. Page 18.

Business/Finance

The British pound plunged as hopes faded for an early EMS entry. Page 11.

Crossword Page 7.

MONEY

Fund Managers — Are they worth what they charge? Pages 16-17.

In Connecticut, Jealous Spouses Wield Old Weapon: The Law

By Elizabeth Kolbert
New York Times Service

COLCHESTER, Connecticut — Virginia Wasik is not a hard woman. She does not think, for example, that her husband, Richard, should go to jail.

She just thinks he should be a little more considerate. That is why, she says, she recently had him arrested on a charge of adultery.

"I don't think he's likely to do this sort of thing again," she said confidently.

Mrs. Wasik is not alone in her thinking. In recent weeks, there have been four adultery arrests in southeastern Connecticut, and a fifth is rumored to be in the works.

After the arrests, the police in the area have received dozens of phone calls from disgruntled spouses asking, "Do you do adulteries?"

Connecticut is one of about a dozen states that still have anti-adultery laws on their books. A state commission recommended a few years ago that the law be abolished, but Connecticut legislators said it was not worth the effort, because the law was never enforced.

Apparently, none of those lawmakers had reckoned with the legalistic fury that a jealous spouse can bring to bear on the criminal justice system.

In June, James Jakubowski, who was separated from his wife, Dawn, sneaked into her home — or, as he insists, his home — in Norwich and, he says, found her in bed with another man.

Mr. Jakubowski, a member of the Norwich school board and a former city councilman, insisted that the police arrest her. The police were reluctant, but they had to admit that the law seemed to be on his side. If convicted, Mrs. Jakubowski faces a possible prison term of up to one year.

The way Mr. Jakubowski describes it, his motives in the case are purely patriotic. "I'm fighting for the rights of the American family and marriage," he said.

The case came as a revelation to many Connecticut residents, who until then had thought of their marital problems as something they would pretty much have to solve on their own.

To Mrs. Wasik, the case was a godsend. Having read about it in the papers, she knew how to fight back after a companion of her husband's brought her to court on charges of harassment.

"I don't want people to think I had my husband arrested for publicity," she said. "It was a matter of principle."

Mrs. Wasik did not have an easy time getting the adultery law enforced, despite the fact that she offered the police graphic descriptions of a few steamy scenes that she said she had witnessed. The reaction of the police was, essentially, "What else is new?"

"I was told it was a stupid law, that nobody wants to deal with it," Mrs. Wasik said. "But a law is a law." Her husband was arraigned last month.

Once a trend gets started, it seems that, like an adulterous affair, it can be difficult to put an end to. Several lawyers report that pressing adultery charges had become the thing to do among clients hoping to win a favorable divorce settlement.

Mr. Jakubowski's lawyer, Jeff Hill, said, "I have a lot of people asking me, 'You did it for this guy, why won't you do it for me?' "

Nevertheless, there are plenty of people in southeastern Connecticut who think that the state's puritanical past is something best not revisited.

"It's a joke," Betsy Ferling, of East Haddam, said of the recent arrests. "What are you going to do, put people in stocks?"

"Everybody always thought that Connecticut and its blue laws were kind of backward," said Bob Howard, a Norwich resident. "Well, this just reinforces that."

It is unclear at this point whether the arrests have had any impact on the infidelity rate in Connecticut. What is clear is that the cases, none of which have gone to trial, have given a lot of people reason to be nervous.

"I could definitely get my husband arrested for it," said one Colchester resident who identified herself only as Nancy. "I don't think I'm going to, though."

The Connecticut General Assembly recently pledged to reconsider the adultery statute.

But Richard Tulisano, co-chairman of the Assembly's Judiciary Committee, is not sanguine about the chances of repeal. It is one thing, he said, to wink about the law in private but quite another to speak against it publicly on the floor of the assembly.

"What's going on is an abuse of the criminal justice system," he said. But legislators have husbands and wives, too.

"Frankly," he said, "a lot of people are leery about being perceived as pro-adultery."

Saudis Tell the U.S. They Could Acquire Weapons Elsewhere

Compiled by Our Staff From Dispatches

WASHINGTON — With opposition to a proposed $21 billion arms sale to Saudi Arabia being expressed in Congress, the Saudi government has served notice that it will buy weapons elsewhere if the United States reduces the size of the arms package.

"Saudi Arabia is going to increase its long-term defense forces," said Fred Dutton, a longtime Washington representative of the Saudi government, "and the question is not whether the arms will be bought, but where they will be bought."

"If the U.S. is not prepared to make the sale, so be it. The Saudis would respect that, but the purchase would go elsewhere."

Speculation about the strength of the White House's commitment to the deal emerged this week when a top State Department official promised House members opposed to the sale that their concerns would be considered.

Under this pressure from Congress and faced with Israeli opposition to the deal, President George Bush was conducting consultations with top aides and with members of Congress on the proposal.

In the 1985, after lobbying by the American Israeli Public Affairs Committee soured Congress on a proposed $7 billion arms sale to Saudi Arabia, the Saudis turned to Britain and bought 132 military aircraft worth several billion dollars.

Several senators, including the Democratic whip, Alan Cranston of California, a staunch supporter of Israel, have proposed that the administration lease to the Saudis some of the more expensive and sophisticated weaponry. In building their own arsenal, Israel has leased rather than bought some of its weapons from the United States.

"Leasing would not help Saudi Arabia in the long range in defending against the continuing Iraqi military threat," Mr. Dutton declared. "The Saudis don't see why they shouldn't be allowed to purchase the weapons when they are prepared to pay in full. The fact is the Israelis lease because they can't afford to purchase all the weapons they want."

The Bush administration, like previous administrations, is committed to maintaining Israel's military superiority over the Arab states.

The Saudis were obviously nettled by reports of congressional opposition and suggestions by congressional aides that the administration might be considering scaling back the size of the sale even before it was introduced in Congress.

The weapons proposed for the sale would be in addition to $2.2 billion in fighter jets and other arms sold to the Saudis last month after Iraq invaded Kuwait.

The huge arms package would provide immediate delivery of at least 24 F-15 fighters, as many as 300 M-1 tanks, several hundred Bradley armored fighting vehicles, 48 Apache attack helicopters and hundreds of air-to-air missiles, officials said.

Despite concern that the administration might consider scaling back the arms package, a spokesman for the Saudi Embassy said that Secretary of Defense Dick Cheney had reassured the Saudis that the administration still planned to introduce the original package.

And a senior White House official, who declined to be identified, said in an interview: "The package will go forward. The only question is timing and tactics and dealing with Congress. The administration consensus still supports the package." *(LAT, WP)*

Fernando Jenqui/Reuters

SANDINISTAS BOYCOTT TALKS — Members of the Sandinista-allied National Workers Front fought with riot police in Managua as President Violeta Barrios de Chamorro met with business, union and political leaders in an effort to seek a consensus on solving the country's economic problems. The Sandinistas, led by Daniel Ortega Saavedra, refused to join in the talks.

Campaign Open, Bhutto Appears to Gain

By Barbara Crossette

New York Times Service

KARACHI, Pakistan — As election campaigning begins in Pakistan in an atmosphere charged with bitterness and uncertainty, Benazir Bhutto appears to be gaining in strength at the expense of the politicians who ousted her in a hail of charges they cannot now prove.

Politicians of all parties as well as ordinary voters and diplomats say that the failure of the caretaker government of Prime Minister Ghulam Mustafa Jatoi to produce evidence raises questions about the justification for the Aug. 6 dismissal of Miss Bhutto as prime minister on grounds of corruption, abuse of power and political incompetence.

Mr. Jatoi has canceled plans to attend a United Nations conference in New York this month on children's issues, although Pakistan was one of the nations that called for the session. He will be represented there and at the UN General Assembly by Foreign Minister Sahabzada Yaqub Khan, an aide to the prime minister said.

As pressure on the caretaker government grows, wild accusations are traded at impromptu news conferences and in the press, where reporting is now almost universally partisan.

Hussain Haqqani, Mr. Jatoi's media adviser, said this should be viewed as a necessary period of "catharsis the nation has to go through" and should not be blown out of proportion.

But Rifaat Hamid Ghani, a columnist in the newspaper Dawn, said the prevailing attitude among politicians was summed up in one campaigner's definition of objectivity: "Stay neutral but work for us."

Hearings of the special tribunals are continuing, with limited results, as judges demand normal legal standards of evidence. Two sets of cases have been filed against Miss Bhutto. One case against a former minister in her cabinet has already been thrown out. Other cases involve questionable deals worth "peanuts," a diplomat said.

"The common man in Pakistan has a fine sense of morality and justice," a civil servant said, adding that there was widespread feeling that the "accountability" process was too narrowly focused on one set of politicians when the public believed that leaders of all parties were probably guilty.

The apparent growth of sympathy for Ms. Bhutto and the increasing disbelief in the caretaker government raise fears of what the military will do if this trend continues and Miss Bhutto is returned to office on Oct. 24.

In the overheated climate, the U.S. ambassador, Robert B. Oakley, has become entangled in a dispute over remarks he made Sept. 11.

Mr. Oakley told a meeting there of the Asia Society that it would have been better had corruption and malfeasance been examined not only in Miss Bhutto's government but in the one that preceded it, led by Prime Minister Mohammed Khan Junejo.

Mr. Junejo's government was dismissed by the president at the time, Mohammed Zia ul-Haq, on charges similar to those leveled against Miss Bhutto in August by President Ghulam Ishaq Khan.

This week, Interior Minister Zahid Sarfraz urged the recall of Mr. Oakley by Washington after reports of his remarks circulated in Pakistan, apparently at the initiative of Miss Bhutto or her supporters.

Mr. Jatoi has moved to put a stop to the campaign against Mr. Oakley, which threatened to bring on a round of anti-American fervor.

In Islamabad, where the U.S. Embassy was once sacked, diplomats of several nations as well as some Pakistanis say that the country still tends in times of crisis to hold the United States responsible for its problems.

Florida Murderer Gets His Wish: The Chair

The Associated Press

STARKE, Florida — James W. Hamblen, a convicted murderer who once said he thought it would be "spiffy" to die in the electric chair, was electrocuted Friday.

Mr. Hamblen, 61, became the 140th person in the United States to be executed since a 1976 Supreme Court ruling allowed states to resume use of the death penalty. He said last year that he could "hardly wait" to sit in the electric chair, but later asked his lawyers to renew his legal appeal.

Drug Cartel Confirms It Kidnapped 3 In Colombia

By Douglas Farah

Washington Post Service

BOGOTA — The Medellín cocaine network has confirmed that it kidnapped a prominent journalist, a member of a leading political family and the daughter of a former president in an attempt to force the government into negotiations over the traffickers' demands.

El Tiempo, a Bogotá newspaper, whose managing editor, Francisco Santos, was kidnapped Wednesday night, said Thursday that the cartel had telephoned the editors to take responsibility for the three kidnappings.

According to the paper, cartel leaders who call themselves the Extraditables, rejected a recent government offer not to extradite to the United States traffickers who turn themselves in.

Although President César Gaviria Trujillo made that offer, he has emphasized that he will not negotiate with the drug cartel under any circumstances. He also has warned that if the cartel returns to terrorist tactics, which it recently suspended, he could rescind the offer.

"Not one, absolutely not one of us will turn ourselves in," El Tiempo quoted the Extraditables as saying. The cartel demanded "political treatment" similar to the negotiations under way with leftist rebel groups, not treatment as criminals.

The Extraditables placed no specific conditions or timetable for the release of the hostages, El Tiempo said, but declared they were awaiting instructions from the cartel leader, Pablo Escobar Gaviria, "via fax from someplace in Central America."

Authorities said they did not believe that Mr. Escobar had left the country. They said they had uncovered plans in Bogotá, Medellín and Cali to kidnap other prominent people.

Mr. Santos, 28, managing editor and political columnist for El Tiempo, was taken from his armored jeep on Wednesday evening by three men who showed him police identification and asked him to get out, according to witnesses. His driver, who tried to shoot the attackers when it became clear it was a kidnapping, was shot dead.

Earlier in the evening, gunmen forced Marina Montoya Pérez to leave a restaurant at gunpoint and get into a car. She is the sister of German Montoya, who was former President Virgilio Barco Vargas's general secretary and is now ambassador to Canada.

The third person being held is Diana Turbay, a journalist who is the daughter of former President Julio César Turbay.

WORLD BRIEFS

December Vote for Polish President

WARSAW (Reuters) — The Sejm, Poland's lower house of parliament, voted overwhelmingly Friday for a presidential election in December, which would cut short the six-year term of President Wojciech Jaruzelski. It also voted to dissolve itself and the Senate before next spring.

"The Sejm deems it possible to make a decision on the self-dissolution of parliament by the end of the first quarter of 1991 and to hold presidential elections no later than December of this year," the resolution said.

Bonn's Upper House Ratifies Union

BONN (Combined Dispatches) — The upper house of the West German parliament ratified the unification treaty between the two Germanys on Friday, clearing the last legal hurdle for the merger Oct. 3.

"We are finally, as Germans, ending the postwar period and overcoming to a substantial degree the division of Europe," said Björn Engholm, the Bundesrat vice president. The vote was unanimous.

The debate in the Bundesrat, made up of representatives of the 11 federal states, was more low-key than in the lower house on Thursday, where Bundestag deputies spontaneously sang the national anthem after approving the treaty. The East German Volkskammer also ratified the document on Thursday. *(AFP, Reuters, AP)*

Beirut Offers Muslims Equal Power

BEIRUT (AP) — President Elias Hrawi signed constitutional changes Friday to give Muslims an equal share of power with the long-dominant Christians in an effort to resolve Lebanon's civil war.

Mr. Hrawi's move is designed to set in motion a peace plan stalled by opposition from General Michel Aoun, the Christian army commander. Mr. Hrawi, also a Christian, urged General Aoun to "peacefully join the process of ending the civil war."

"Otherwise, I will be forced to take the bitter decision of resorting to an imperative surgical operation" to crush his forces, Mr. Hrawi said at the ceremony. There was no response from General Aoun, whose dwindling force of about 15,000 troops holds pockets in east Beirut and the mountains. Mr. Hrawi said a new government with representatives of all factions would soon be formed "to end the civil war."

Indian and Pakistani Troops Clash

NEW DELHI (Reuters) — Indian and Pakistani troops exchanged fire Friday after Pakistani soldiers tried to enter Indian-held Kashmir, the Defense Ministry said.

A ministry spokesman said Pakistani troops tried to cross the line of control dividing the Kashmir Valley and fired artillery and mortar shells at Indian posts and villages there.

He said there were no casualties on the Indian side but could not say if there were any on Pakistan's side. Both India and Pakistan have reported artillery duels between their forces in the Kashmir Valley in recent months, renewing fears of a new war between the two countries over the disputed state.

Sihanouk Makes Offer to Hun Sen

BANGKOK (UPI) — Prince Norodom Sihanouk, the Cambodian guerrilla leader, offered a concession on Friday to resolve differences that deadlocked a Cambodian council meeting this week and threatened efforts to end the 11-year conflict in Cambodia.

Prince Sihanouk, in a statement issued from Beijing, said he was willing to allow the Vietnamese-installed government of Prime Minister Hun Sen to take an extra seat on a joint Supreme National Council if the government agreed to let the prince join as council chairman and an additional member. Currently, both sides have six representatives on the council.

This concession appeared to fulfill demands by Mr. Hun Sen that any formula for Prince Sihanouk's becoming chairman should not give the three-party resistance more seats on the council than the government. But it was not immediately clear whether the Khmer Rouge, the most powerful of the three guerrilla groups, would go along with Prince Sihanouk's concession.

Ceausescu's Son Gets 20-Year Term

BUCHAREST (AP) — Nicu Ceausescu, the youngest son of the former Romanian dictator, was found guilty by a military tribunal on Friday of "instigation to murder" and was sentenced to 20 years in prison.

In its unanimous verdict, the five-man panel of judges dropped the original charge of complicity in genocide.

Mr. Ceausescu, 39, who was Communist Party leader in the southern Transylvanian town of Sibiu, was accused of causing 89 deaths there during the December revolution in which has father, Nicolae Ceausescu, was overthrown and executed.

Anti-Mafia Judge Murdered in Sicily

AGRIGENTO, Sicily (AP) — Judge Rosario Livantino, a long-time anti-Mafia advocate, was ambushed and killed by at least six gunmen on Friday morning as he was driving to his office in this Sicilian city.

The police reported that killers blocked the car of the magistrate, 38, along the Canicatti-Agrigento state road and sprayed his automobile with submachine gun, pistol and rifle bullets. They said Mr. Livantino managed to get out of his car but was shot repeatedly by the gunmen. His body was left on the edge of the road.

The judge, who had been investigating activities of the Mafia since 1980 and had been the prosecutor in several trials of Mafia figures, was armed with a pistol but was unable to pull it out. He was driving without police escort.

Nigeria Takes Over Liberia Force

LAGOS (AP) — Nigeria announced Friday that it is taking over command of the West African task force in Liberia and issuing orders to fight until the nine-month civil war was ended.

General Johsua Dogonyaro is being sent to take control of the five-nation, 3,000-man force, in what military sources say is virtually a declaration of war against the rebel leader Charles Taylor. Mr. Taylor has pledged to fight the West Africans until they withdraw, accusing them of wanting to impose a puppet government in Liberia.

Mr. Dogonyaro is a friend of the Nigerian president, General Ibrahim Babangida, and a member of Nigeria's Armed Forces Ruling Council, according to the presidential spokesman, Yusufu Mamman. He added that the change was made to "ensure operational efficiency."

TRAVEL UPDATE

The West German airline Lufthansa will begin a weekly service between Singapore and Ho Chi Minh City in Vietnam on Oct. 30, the first service by an international airline from Singapore since the end of the Vietnam War in 1975. *(IHT)*

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	13	55	9	48	sh
Athens	26	79	18	64	fr
Barcelona	28	82	20	68	fr
Belgrade	20	68	14	57	cl
Berlin	13	55	9	48	r
Brussels	13	55	11	52	sh
Budapest	18	64	13	55	o
Copenhagen	11	52	10	50	o
Costa Del Sol	32	90	—	—	fr
Dublin	13	55	5	41	o
Edinburgh	11	52	2	36	o
Faro	25	77	15	59	fr
Florence	27	81	20	68	cl
Frankfurt	13	55	10	50	r
Geneva	15	59	14	57	r
Helsinki	12	54	8	46	cl
Las Palmas	26	79	—	—	o
Lisbon	26	79	17	63	fr
London	15	59	11	52	fr
Luxembourg	12	54	9	48	r
Madrid	27	81	—	—	fr
Milan	23	73	13	55	fr
Moscow	12	54	8	46	o
Munich	15	59	10	50	o
Nice	25	77	16	61	cl
Oslo	11	52	10	50	cl
Paris	19	66	14	57	cl
Prague	15	59	7	45	sh
Reykjavik	6	43	0	32	fr
Rome	26	79	20	68	cl
Stockholm	12	54	5	41	sh
Strasbourg	18	64	11	52	cl
Venice	21	70	16	61	o
Vienna	17	63	11	52	r
Warsaw	16	61	6	43	o
Zurich	15	59	10	50	o
MIDDLE EAST					
Cairo	32	90	22	72	fr
Istanbul	23	73	13	55	fr
Manama	—	—	—	—	na
Riyadh	36	97	22	72	fr
Tel Aviv	28	82	19	66	Fr
OCEANIA					
Auckland	—	—	—	—	na
Sydney	20	68	13	55	fr

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	32	90	25	77	st
Beijing	25	77	16	61	cl
Hong Kong	30	86	27	81	fr
Manila	32	90	25	77	st
New Delhi	28	82	24	75	st
Seoul	27	81	15	59	fo
Shanghai	28	82	18	64	fo
Singapore	31	88	26	79	st
Taipei	30	86	25	77	fr
Tokyo	26	79	21	70	cl
AFRICA					
Algiers	35	95	23	73	fr
Cape Town	—	—	7	45	fo
Casablanca	24	75	20	68	o
Harare	—	—	7	45	na
Lagos	—	—	—	—	na
Nairobi	—	—	11	52	na
Tunis	33	91	19	66	fr
LATIN AMERICA					
Buenos Aires	16	61	12	54	o
Lima	17	63	15	59	o
Mexico City	26	79	14	57	pc
Rio de Janeiro	22	72	—	—	o
NORTH AMERICA					
Anchorage	14	57	6	43	r
Atlanta	32	90	20	68	pc
Boston	20	68	12	54	fr
Chicago	21	70	11	52	sh
Denver	18	64	7	45	r
Detroit	22	72	12	54	sh
Honolulu	30	86	24	75	pc
Houston	34	93	25	77	pc
Los Angeles	25	77	19	66	pc
Miami	32	90	26	79	pc
Minneapolis	18	64	7	45	sh
Montreal	18	64	8	46	pc
Nassau	33	91	23	73	pc
New York	24	75	15	59	pc
Phoenix	34	93	24	75	pc
San Francisco	30	86	15	59	fr
Seattle	27	81	11	52	fr
Toronto	20	68	13	55	pc
Washington	26	79	17	63	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

SATURDAY'S FORECAST — CHANNEL: Very choppy. FRANKFURT: Rain. Temp. 17—7 (63—45). LONDON: Showers. Temp. 15—10 (59—50). MADRID: Partly cloudy. Temp. 27—10 (81—50). NEW YORK: Showers. Temp. 20—13 (68—55). PARIS: Rainy. Temp. 18—12 (64—54). ROME: Partly cloudy. Temp. 25—12 (77—54). TEL AVIV: Not available. ZURICH: Rainy. Temp. 20—10 (68—50). BANGKOK: Scattered showers. Temp. 33—25 (91—77). HONG KONG: Showers. Temp. 30—26 (86—79). MANILA: Cloudy. Temp. 32—23 (90—73). SEOUL: Fair. Temp. 25—15 (77—59). SINGAPORE: Light showers. Temp. 28—25 (82—77). TOKYO: Cloudy. Temp. 25—19 (77—66).

RELIGIOUS SERVICES

EUROPE

UNITARIAN-UNIVERSALISTS, English language services in Brussels, Munich, Wiesbaden, Paris and the Netherlands, write to Jim Swift, Westfalen 69 nº 6, 6200 Wiesbaden, F.R. Germany, or call +49-6121-562903.

MADRID

COMMUNITY CHURCH OF MADRID. English speak. non-denom. worship and S.S. 11:00 Sundays. Nursery. Meets at Padre Damian, 26. Pastor, Tel.: 446-2681.

MUNICH

INTERNATIONAL COMMUNITY CHURCH, Evangelical Bible Believing, services in English 4:30 p.m. Sundays at Enhuberstr. 10. (U2 Theresienstr.), (089) 850-8617.

UNITARIAN UNIVERSALIST, Fellowship, "For Those With Questions", 690-2036, Building 311-A-3, Perlacher Forst Housing Area. Meets fourth Sunday each month at 11 a.m.

PARIS and SUBURBS

THE AMERICAN CATHEDRAL (Episcopal-Anglican). Sun. 9 & 11 a.m. Sunday School for children and nursery care at 11 a.m. 23 ave. George V, Paris 8. Tel.: 47 20 17 92. Metro: George V or Alma-Marceau.

HOPE INTERNATIONAL CHURCH (at La Chapelle Evangélique, La Défense CNIT Center), Sun. 9:45 a.m. with Sun. School for children. Evangelical & for everyone. Metro: RER (A) La Défense. Parking: Défense 4. Fri. 7:30 p.m. home Bible studies. Call Pastor Henry Paasonen: 47 73 53 54.

UNITARIAN UNIVERSALIST will gather Sun. Sept. 16th at 11:20 a.m., 1, rue de l'Oratoire, Metro: Louvre-Rivoli. The Reverend David Johnson will speak on the theme "Oh, the places you'll go" and R.E. for children. Tel.: 42.78.82.58. or 45.01.20.38.

EUROPEAN BAPTIST CONVENTION

COPENHAGEN

The INTERNATIONAL BAPTIST CHURCH. meets at Boggesensgade No. 7, each Sunday; 9 a.m. Phone: 31 38 51 38.

DÜSSELDORF

INTERNATIONAL BAPTIST CHURCH. English. s.s. 10:00, worship 11:05. Children's church and nursery. Meets at the International School, Leuchtenburger Kirchweg 2, D-Kaiserswerth. Friendly fellowship. All denominations welcome. Dr. W.J. Delay, Pastor, Tel.: 0211/400 157.

HAMBURG

INTERNATIONAL BAPTIST CHURCH OF HAMBURG meets at TABEA FESTHALLE, Am Isfeld 19, Hamburg-Osdorf. Bible Study at 11:30 & Worship at 12:30. Tel.: 040/820616.

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOWSHIP of the Taunus (Member European Baptist Convention), Sodenerstr. 11-18, 6380 Bad Homburg. Sundays 9:45. Tel.: 06171-54889 or 06134-23278.

HOLLAND

TRINITY BAPTIST S.S. 9:30, Worship 10:30, nursery, warm fellowship. Meets at Bloemcamplaan 54 in Wassenaar. Tel.: 01751-78024.

MUNICH

INTERNATIONAL BAPTIST CHURCH OF MUNICH, München 83, Schumacherring 24. English Language Services. Sunday School 12:00. Worship Service 1:00. Pastor's phone: 690 8534.

PARIS and SUBURB

EMMANUEL BAPTIST CHURCH, 56 Rue des Bons-Raisins, Rueil-Malmaison. English speak., evangelical, all denominations. S.S. 9:45; Worship: 10:45. Vesper Service, 6:30 p.m. 123 Ave. du Maine, Metro Gaite. Call 47.51.29.63 or 47.49.15.29 for information.

ZURICH

INTERNATIONAL BAPTIST CHURCH of Wädenswil (Zurich), Switzerland, Rosenbergstrasse 4. Worship Services Sunday mornings 11:00. Tel.: 720-2762.

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AMERICAN CHURCH IN BERLIN, cor. of Clay Allee & Potsdamer Str., S.S. 9 a.m., Worship 10:30 a.m. Tel.: 030-8132021.

BRUSSELS

The American Protestant Church, Worship 10:30 a.m. Kattenberg, 19 (at the Int. School). Tel.: 673.05.81. Bus 95. Tram 94.

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INT'L CHURCH (Vartov), 27 Farvergade, nr. Townhall. 11:30 a.m. Tel.: 31 624785.

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TRINITY LUTHERAN CHURCH, Nibelungen Allee 54 (U-Bahn 5), S.S. 9:45, worship 11 a.m. Tel.: (069) 512552.

GENEVA

EV. LUTHERAN CHURCH of Geneva temporarily worshiping at St. Germain Church, 9 rue des Granges at 11:30. Tel.: (022) 20.50.89.

LONDON

AMERICAN CHURCH in London at 79 Tottenham Court Road, London W1, SS at 9:45 a.m. & worship at 11 a.m. Goodge street tube; Tel.: (01) 580 2791.

OSLO

American Lutheran Church, Fritznersgt. 15 Worship & Sunday School 10 a.m. Tel.: (02) 44.35.84.

PARIS

AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at door, Metro Alma-Marceau or Invalides.

STAVANGER

INTERDENOMINATIONAL CHURCH Sunday worship 9:30 a.m. The Hetland Church, Starhaugvn. 2. Tel.: (04) 564843.

STOCKHOLM

IMMANUEL CHURCH, Kungstensg. & Birger Jarl, Friendly Christian fellowship, English, Swedish & Korean. 11:00. Tel.: 46-8 151225 & 309803.

UNITED CHRISTIAN CONGREGATION, Santa Klara Church, Ostra Kyrkogata 8, English service 10:00. Tel.: +46-8-723 3029.

WARSAW

WARSAW INTERNATIONAL CHURCH, Protestant English language expatriates, Sundays 11:00 a.m. (Sept.-May), 10 a.m. (June-Aug.); UL. Piekna 14 A. Tel.: 43-29-70.

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Nader, as Critic and Target, Regains the Spotlight

By Jason DeParle
New York Times Service

WASHINGTON — As sightseers strolled past the Capitol a few days ago, this is what they saw: a gleaming blue sky, a majestic spill of shining white steps, and a lanky man in a somber suit leaning over a nicked lectern accusing Congress of hypocrisy.

It was a timeless Washington scene — Ralph Nader on the attack — but also very much a current one. After a decade in which he and his anti-corporate ethic seemed to fade from public view, he has been increasingly visible, in the press and in politics.

Has Washington changed, or has he?

"They say, 'Hey, he's on the ascendancy again,'" he said. "It's the press's own creation. We've been doing what we've been doing."

But it was this summer that Life magazine ranked him as one of the century's 100 most influential Americans. And this month, a cover story in Forbes magazine derided him as "Ralph Nader Inc.," a hypocritical and paranoid empire builder.

For good or ill, as he moves into his fourth decade of advocacy, Mr. Nader stands almost alone in Washington as an emblem of the difference one person can make, a sentiment shared by many of the tourists happening upon the press conference this week.

"He's looking out for us," said Bill Patterson, an auto leasing agent from Jacksonville, Florida, as his wife snapped a photo. "He's the champion of the little person."

Last year, Mr. Nader played a central role in passing a California initiative that rolled back the cost of auto insurance.

He also led a successful, though bitter, fight against a proposal to raise congressional pay by 51 percent; when he stepped up to the battered lectern this week, he was seeking the repeal of a smaller increase approved by the House.

And old seeds have been producing new harvests: last month, Mr. Nader's old nemesis, General Motors Corp., announced its plan to start putting air bags in all the cars it builds in the United States.

Discussing the perils and prospects of the coming decade, Mr. Nader argues that corporate domination of daily life is at a high and that true choice in electoral politics is at a low.

As workers, he says, citizens are increasingly reliant on employers for necessities like health insurance and child care; as consumers, they are subjected to increasingly sophisticated marketing campaigns.

But Mr. Nader also expresses the cautious hope that those conditions will give rise to what he calls "real democracy."

"This could be the decade, because we're heading toward economic collapse," he said in an interview. "If there's one thing that galvanizes people from the level of disgruntlement to action, it's an economic collapse."

"I want people to spend more time as public citizens," he added. "Otherwise, they won't be able to enjoy their time as private citizens."

It has been 27 years since Mr. Nader, now 56, left his law practice in Hartford, Connecticut, and hitchhiked to Washington. Two years later, his book "Unsafe at Any Speed" asserted that the Chevrolet Corvair was a safety hazard and that General Motors was ignoring the flaws in order to increase profits.

When the company then hired a private detective to follow him, he was catapulted to the status of national hero. GM eventually paid him $425,000 for having invaded his privacy, endowing him with the money to expand his organization.

Mr. Nader went on to help establish more than two dozen public interest groups. He was also a major force behind the passage of several landmark laws, including the Occupational Safety and Health Act and the Freedom of Information Act.

Mr. Nader entered the public consciousness not only as an advocate of government regulation but also as an embodiment of frugality. He said that for many years he lived in an $80-a-month rooming house and that he was now living in "a simple room," though he keeps its address secret.

The reputation for personal sacrifice is among the targets of the attack in Forbes, which paints a picture of a man who travels in limousines and sleeps in a $1.5 million town house.

The magazine accused organizations affiliated with Mr. Nader of having failed to file required tax forms with the IRS, and it argued that he had got an inordinate amount of his money from rich trial lawyers who share his passion for lawsuits.

He disputes those accusations, and his lawyer has sent Forbes a list of retraction demands, threatening a lawsuit. Mr. Nader said the town house, where he visits but does not live, belongs to his sister. He said that the IRS forms were on file as required and that contributions from trial lawyers represented less than 1 percent of his fund raising.

For most people, the public realm is a means to an end, such as better schools or fewer toxic wastes. Mr. Nader often appears to view the struggle as the end in itself. "I just think that the striving for justice, when you spell it out, has to be seen as a source of pleasure," he said.

AMERICAN TOPICS

Strap-On Vest Mimics Cumbrous Pregnancy

The Empathy Belly Pregnancy Simulator is far more than a pillow worn under the blouse. Developed by Linda Ware, a counselor at the Birthways Childbirth Resource Center Inc. in Redmond, Washington, it is a vest whose lower front is modeled after the abdomen of a woman in the eighth month of pregnancy. Weighing 30 to 40 pounds (about 14 to 18 kilograms), it is strapped onto the torso and includes a rib belt to constrict the chest, a water-filled vinyl bladder and weights meant to feel like the fetal limbs and head.

In childbirth classes, both men and women wear the device. Some instructors like to dump a load of laundry on the floor and casually ask the wearer to bend over and pick it up. The device also is being used in high schools and pregnancy-prevention programs.

Since the device went on the market last year, Birthways has sold 300 units at about $600 each as far afield as Japan, West Germany, Venezuela and Australia, The Washington Post reports.

Women who have borne children say the device is uncomfortably similar to the real thing. One father-to-be recounted, "I wore it for the whole two-hour class. When it came off it was a relief."

But Doris Walsh, a childbirth instructor, disapproves. "We think it promotes strong negative feelings about pregnancy," she said.

Wade Byars/Agence France-Presse

SECOND TRY — Charles Keating Jr. arriving at a Los Angeles court for a second bail reduction hearing. His lawyer said Mr. Keating could not fight the cases against him until his $5 million bail was reduced and he was set free. Mr. Keating faces fraud charges in the Lincoln Savings & Loan affair.

Short Takes

Faced with stiff resistance from farmers, ranchers and environmentalists, the Defense Department has indefinitely suspended its biggest land acquisition program since World War II. It wanted to add 4.5 million acres (about 1.8 million hectares) to its present holdings of 25 million acres. Although the military is shrinking, the Pentagon said the extra space was needed because of base closings in Europe and because modern weapons need more room for training.

"Three hots and a cot" is the Salvation Army's traditional reimbursement for the men and women it has sheltered and put to work unloading discarded furniture or assisting in its soup kitchens. It also gives them about $20 a week pocket money. Now the Department of Labor wants the nonsectarian Christian group to pay these people the $3.80 hourly federal minimum wage. Similar organizations, like Goodwill Industries Inc. and Volunteers of America, pay the minimum. The Salvation Army takes in 70,000 people at its 118 U.S. branches each year. Should the government try to enforce its view, a Salvation Army spokesman said, "We'd probably close."

Babe Ruth starred as both a pitcher and hitter, and he played a pretty good game of football as well. Maury White of the Des Moines (Iowa) Register recalls that the Babe visited Drake University there in 1926. Ruth, accepting an invitation to work out with the football team, showed off his passing and punting skills, then lined up at fullback. He started around end, cut back and ran 20 yards for a touchdown. Later, at defensive tackle, he stopped the star ball-carrier cold. Ossie Solem, the Drake coach, said at the time, "Babe knew just one thing about this feature of the game and that was, he was supposed to be on top. He was that."

Shorter Takes: Pressed by American Indian militants, the House of Representatives has voted to erect a monument to the Indian tribes matching that of General George Armstrong Custer at the southeastern Montana site of Custer's Last Stand. • The California legislature has ruled that magazines must carefully package "fragrance advertising inserts" in glue tabs or binders to prevent odors from leaking. But it bowed to industry objections to sealing the ads in plastic.

Arthur Higbee

In Breakthrough, Gene Is Used to Cure Cystic Fibrosis in Lab

By Natalie Angier
New York Times Service

NEW YORK — Scientists have cured cystic fibrosis cells in the laboratory by inserting a healthy version of the gene that causes the disease, an unexpectedly swift advance that left researchers almost giddy with delight.

The results throw open the door to using human gene therapy to treat the deadly respiratory disorder, the most common fatal genetic ailment in the United States.

People who suffer from the disease lack working copies of the cystic fibrosis gene, a defect that leads to such devastating symptoms as thick mucus buildup in the lungs, chronic infections and extreme digestive problems.

The new experiments strongly suggest that supplying patients with new genes will reverse many, if not all, of these symptoms.

Cystic fibrosis is the most prevalent hereditary illness among whites, afflicting about 30,000 people in the United States; most patients die before the age of 30.

Robert K. Dresing, president of the Cystic Fibrosis Foundation, called the research "a giant step" toward saving young people with the disease. "One of the things that we're awed by is the speed with which these things are happening," he said.

In the experiments, researchers used genetically engineered viruses to slip good copies of the gene into cells taken from the respiratory tract and the pancreas of cystic fibrosis patients.

With the addition of the healthy gene, the sickly cells became robust, displaying such hallmarks of biochemical normality as being able to deftly absorb and secrete chloride molecules.

Scientists say they believe a defect in chloride traffic leads to many of the symptoms of the disease.

The latest experiments were performed under test-tube conditions, and researchers warn that clinical therapies are several years away.

The scientists also said they still had to determine whether the insertion of the gene affected the levels of sodium in the cell. A defect in sodium flow in the body is another symptom of cystic fibrosis.

And researchers warned that installing copies of the cystic fibrosis gene into patients could have side effects yet to be discovered.

But even the most cautious scientists say the laboratory breakthrough holds great promise for treating the disease.

"My tendency is to be very conservative," said Dr. James M. Wilson of the University of Michigan, lead author on the paper reporting the new results Friday in the journal Cell. But he said that "at this point, it's impossible for me not to be optimistic about cystic fibrosis."

Two other groups are reporting a similar ability to reverse the biochemical defects of cystic fibrosis in next week's issue of Nature.

Moscow Collision Kills Rodale Press Publisher

By Glenn Fowler
New York Times Service

Robert Rodale, the head of a publishing empire whose magazines dealt with health, fitness, organic farming and similar subjects, died Thursday in an automobile accident in Moscow. He was 60 and lived in Emmaus, Pennsylvania.

His company, Rodale Press, said Mr. Rodale was being driven to the Moscow airport with Yevgeni Gringaut, his partner in a publishing venture, when the wreck occurred. Both men, along with the driver of the car and an interpreter, were killed. The first report was that the car was struck head-on by a bus that had swerved into oncoming traffic.

Mr. Rodale was in the Soviet Union to establish a Russian-language edition of The New Farmer, one of several publications of Rodale Press devoted to a natural approach to agriculture that reduces reliance on chemicals.

The Rodale Press was founded in 1942 by J.I. Rodale, Mr. Rodale's father. The son joined the business in 1949 and built it into an internationally known publishing concern whose magazines included Prevention, Organic Gardening, Runner's World, Backpacker, Bicycling, Men's Health and American Woodworker.

Xu Xiangqian, 88, Ex-Chinese Military Chief

BEIJING — Xu Xiangqian, 88, who joined the Communist underground in the 1920s and came to be one of China's most venerable military leaders, died Friday.

After the founding of the People's Republic of China in 1949, he was named army chief of staff, and he later served as defense minister as well. In 1955 he was named one of 10 marshals of China. His death leaves only one still alive, General Nie Rongzhen, 91.

He was in the first class at the Huangpu Academy, a military school in Guangzhou that produced leaders of both the Nationalists and the Communists.

■ *Other deaths:*

Werner Janssen, 91, the first American-born conductor to lead the New York Philharmonic and later an active film composer and champion of contemporary music on the West Coast, Wednesday in Stony Brook, New York.

Hermes Pan, 79, the dancing master who choreographed most of the Fred Astaire and Ginger Rogers films, Wednesday in Beverly Hills, California. He won an Oscar for choreography in "A Damsel in Distress."

J.F. Gates Clarke, 85, an entomologist and researcher at the Smithsonian Institution's National Museum of Natural History, of heart failure Monday in Hyattsville, Maryland.

Rosa Balistreri, 62, a Sicilian folk singer, of a stroke Thursday in Palermo. She was also as an actress, performing in such works as Corrado Alvaro's "The Long Night of Medea" and Giovanni Verga's "The Wolf."

Thomas McGrath, 73, a poet who was blacklisted during the 1950s, in Minneapolis on Thursday after a long illness. He was a North Dakota native whose poetry was rooted in Non-Partisan League radicalism. He was shunned after refusing to testify before a government committee looking into domestic communism.

DEATH NOTICE

Margaret Fahnestock Drummond-Wolff, beloved mother of Marsyl, Vivian and Georgiana died peacefully in her sleep in Glion, Switzerland, on Tuesday September 11, in her ninety-third year.

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COLOGNE

The Soviet Planner of Epochal Change

By Francis X. Clines
New York Times Service

MOSCOW — Stanislav S. Shatalin resembles a careworn sprite more than the Kremlin's anointed genius of free enterprise, planning as he moves unnoticed along the pocked sidewalks of this melancholy capital past the nearly perpetual lines of cranky shoppers.

A citizen in the waiting throngs stares and recognizes this author of "the Shatalin plan," this draftsman of the Kremlin's map for national escape from orthodox communist economics.

"If your plan does not work I will cut your throat," the citizen called out. Mr. Shatalin, at 56 the free-market strategist for the president himself, took the threat as a lesson in the street value of celebrity, a bracer for his thin, slouching frame.

"I am from a peasant's family, and I want my people to live better," this avid free-enterprise economist said, as his grand project for national renewal reached the initial voting stage in the parliament.

The national level of doomsday speechifying and common wondering about all the unknowns of the free market would seem to be unbearable most days, but Mr. Shatalin said he tried to keep his bearings personal as he studied the sad ledgers and bewildered crowds of Soviet life.

"What all this is about is that I want my grandchildren to think kindly of me, not to spit on my grave," he said.

Beyond the vote in the Supreme Soviet, the economist said he expected that President Mikhail S. Gorbachev would meet with his presidential council and possibly sign an executive order to start the process and put the first elements of market changes in place within a matter of weeks.

He would do so within the plan whose design Mr. Shatalin has pointed toward scrapping the communist system and decentralizing economic initiative into the provinces across a make-or-break period of 500 days.

If nothing else, Mr. Shatalin has the knack of articulating a practical optimism that must be badly craved in the Kremlin these days. He describes how Mr. Gorbachev's way is to listen and question through seven-hour meetings on the economy, occasionally arising and saying to Mr. Shatalin or some other specialist: "Let's take a walk."

They have the sort of relationship in which Mr. Shatalin feels free to criticize Mr. Gorbachev's latest unexpected proposal: to hold a complex national referendum on ownership of land amid what is supposed to be an urgent economic debate.

"It is unworkable," the economist said, flatly predicting that it would soon fade from the debate. "Mikhail Sergeievich is a very dynamic man and reads a situation very quickly," he said, giving his leader credit for sometimes creative impulsiveness but also healthy second thoughts.

Mr. Shatalin told the president publicly in debate in parliament that the politicians must not pass such a crisis on to the people. "If all progress was subject to a referendum, we would all be still up in the trees throwing coconuts and stones at each other," Mr. Shatalin said.

"This is not a choice between London and Paris we are facing now," he told parliament members demanding certain success in the free market. "This is a choice between survival and the grave."

And to a visitor, he explains: "My advantage is that I am an academic. And when I get angry in the Kremlin meetings and speak sharply about the ordinary people and how it is past time to do something for them, the politicians know I do not want their jobs."

"In the Kremlin, I am a social democrat working in the headquarters of the Bolsheviks," Mr. Shatalin said.

Here is a man, censured three times by the Communist Party for his career of aberrational economics, suddenly snatched a year ago by Mr. Gorbachev from the toils of academia and installed at the heights, on the presidential council, with orders to compose a free-market curriculum.

Everything he believes in is in the plan: private ownership, bank and stock exchange systems, floating prices, business deals rooted in self-interest rather than in the restrictions of communism's old central economic dictatorship.

An Iraqi soldier and civilians leaving a mosque in Baghdad after Friday prayers.

Manhunt Launched In Gaza

Refugees Linked To Army Death

Compiled by Our Staff From Dispatches

JERUSALEM — Israeli troops began searching Friday for the killers of a soldier who was stoned and burned to death in a Palestinian refugee camp in the occupied Gaza Strip, Arab and Israeli sources said.

"We'll do everything to find and punish the assassins," the army chief of staff, General Dan Shomron, said on Israeli military radio.

An angry crowd stoned the reserve officer's civilian car and then set it afire, apparently after he made a wrong turn and drove into the Bureij refugee district on Thursday, the witnesses said.

Palestinian witnesses said the Israeli soldier, driving a car with distinctive yellow Israeli license plates, passed an army checkpoint at the gate to the district and started to drive in.

When he tried to back up, he struck a donkey cart, knocking two Palestinian boys to the ground. One of the boys was taken to a hospital with two broken legs, Palestinians said.

The crowd then attacked the officer, whose identity was not immediately made public.

The Bureij district, home to about 18,000 refugees, was sealed off. Soldiers searched houses and mosques.

The sources said the army imposed a curfew on the camp as well as on the town of Rafah and increased roadblocks and patrols across the Gaza Strip in an effort to find the soldier's killers.

The incident came at a time when the clashes, deaths and injuries that have marked the Palestinian uprising known as the *intifada* had declined sharply.

Last week, a masked youth painting graffiti was shot and killed in the first killing in the volatile Gaza Strip since May 27. In August, a Palestinian was killed by the army in the West Bank. In all, more than 700 Palestinians have been killed in the uprising, which began in December 1987.

This was the 12th death of a soldier at the hands of Palestinians. The last two occurred in an ambush in the Gaza Strip on Nov. 12.

(AFP, NYT)

SOVIETS: *Direct Rule May Be Necessary, Gorbachev Tells Parliament*

(Continued from page 1)

tain regions and suspend some elected institutions.

"The situation has come to the point that if it is required we must do this," Mr. Gorbachev said, pounding the table.

He added that the time had come to "say firmly that this is enough, and it is necessary to make decisions."

Despite Mr. Gorbachev's appeal for urgent action to tackle the Soviet Union's growing economic problems, the parliament postponed an expected vote on an emergency package of economic measures until Monday for lack of a quorum.

The parliament has spent the last two weeks debating rival proposals for dismantling the system of central planning in favor of a market economy.

A draft resolution approved by Mr. Gorbachev endorses a radical blueprint for a transition to a market economy within 500 days as the "basis" for a new economic program.

But it also suggests that the 500-day plan should be amended to reflect the more cautious approach of the federal government headed by Prime Minister Nikolai I. Ryzhkov and comments by deputies.

Mr. Gorbachev, who appears to be wavering between his political support for Mr. Ryzhkov and his conviction that drastic changes are needed in the Soviet economic system, rejected calls for the resignation of the prime minister. He said that it would be irresponsible to "start reshuffling at this historic time when we have important things to do."

Mr. Gorbachev did not make clear which regions of the country might be brought under presidential rule if the political and economic situation continued to deteriorate.

But he revealed that he had seriously considered imposing a state of emergency on the Baltic republic of Lithuania earlier this year after it declared its independence from the Soviet Union.

Some deputies applauded when Mr. Gorbachev said he would have been acting within his constitutional rights if he had dissolved the Lithuanian parliament for its defiance of Moscow.

He said he had refrained from taking such a step because "I must first exhaust all other means at the president's disposal for a political solution."

Additional presidential powers under consideration by the Supreme Soviet would give Mr. Gorbachev the right to issue decrees covering virtually every aspect of economic activity, including the budget deficit, property, wages and prices.

They would also extend to the area of public order, giving him authority to prevent social conflicts and strikes during the entire transition period.

As Mr. Gorbachev was addressing parliament, his principal political rival, Boris N. Yeltsin, president of the Russian Republic, was involved in an auto accident in Moscow.

Aides said Mr. Yeltsin was taken to hospital suffering from minor shock after his chauffeur-driven Volga saloon was rammed in the side by a car driven by a pensioner in central Moscow.

In the last two years, Mr. Yeltsin has been involved in a succession of bizarre incidents including several reported assassination attempts.

IRAQ: *Bush Warns Baghdad of 'Consequences'*

(Continued from Page 1)

statement of the Gulf crisis with the retaliatory expulsion of diplomats from Western Europe, the United States and Egypt.

The government-run television in Baghdad broke into scheduled programs with a statement from the ruling Revolution Command Council, a coterie of aides and relatives around President Hussein, saying that there was "not a single chance for any retreat" in Iraq's confrontation with the United States and its allies.

Because the statement referred repeatedly to conflict on Iraqi territory, Western and Arab diplomats said it seemed worded to create the impression that Baghdad was anticipating a first strike from the American-dominated force building in Saudi Arabia.

The statement was the first since the crisis began to omit any reference to peace. Diplomats said it seemed a rejoinder to threats by President Bush on Wednesday to take "additional steps" to force an Iraqi withdrawal from Kuwait, the restoration of its now-exiled government and the release of foreign hostages.

Later, Iraq reported violations of its airspace by planes flying at high altitude across its southern border with Saudi Arabia, but it did not identify them.

The expulsion of military attachés and other staff members from European embassies and Egypt's diplomatic mission came in response either to similar actions against Iraqi diplomats or to other acts perceived as hostile, including Egypt's decision to send thousands of troops to Saudi Arabia.

According to official statements in various European capitals, the diplomats, given between a week and 10 days to leave, included 3 Britons, 2 West Germans, 4 Italians, 2 Spaniards and 11 French personnel.

Three American diplomats were among those expelled, the State Department announced in Washington. The United States retaliated by ordering three Iraqi Embassy staff members to leave.

A government spokesman in Cairo said three Egyptian diplomats had been ordered out of Iraq. The spokesman announced that, in response, Egypt was expelling the Iraqi military attaché and two senior diplomats from Baghdad's embassy in Cairo.

Iraq's expulsion of diplomats from Britain, Italy and France followed similar measures ordered by the governments in London, Rome and Paris in recent days and a European Community decision to eject Iraqi military attachés. A government spokesman in Paris called Iraq's action "a new escalation."

ACCORD: *Bonn and Paris to Press EC Security Role*

(Continued from page 1)

Union, on Third World crises and within the West."

U.S. and NATO officials at the conference argued for a broader role for the North Atlantic Treaty Organization in orchestrating Western actions to maintain international stability.

"Of course, nobody thinks of NATO dealing with all regional crises or with all global challenges," said Manfred Wörner, the NATO secretary-general. "This would overburden our lives."

But he urged a fundamental rethinking among the allies about a larger role for NATO once the Gulf crisis has ended.

U.S. officials want broader political consultations among NATO allies on major crises wherever they arise. They also want new arrangements to facilitate Western troop movements in the event of a military intervention.

"Now that the Soviet leaders have shown that they will not make complications in Europe because of Western action in the Third World," a former U.S. official said at the Brussels meeting, "it is up to Europeans to decide how they want to defend their vital interests on other continents."

Opposition to an expanded NATO role is spearheaded by France. It has support among some West German factions and many smaller European nations, which would rather focus their spending on domestic problems and which fear being drawn into dangerous conflicts as a result of U.S. initiatives.

NATO installations and allied cooperation played a major role in facilitating the deployment of Western forces to the Gulf, Western officials said.

But France refuses to take part in NATO military activities, so the European allies had to work out arrangements among themselves through the Western European Union, a nine-nation defense organization that includes the main European members of NATO.

The WEU gave France a European complexion for its cooperation. Britain and other European allies accept this approach because the WEU is little more than a political shell, with no permanent military character, and thus represents no challenge to NATO.

Partly because of Soviet cooperation in the Gulf crisis, the Bush administration now largely shares the European desire to increase support for President Mikhail S. Gorbachev of the Soviet Union.

"We are moving closer to a consensus that NATO needs to do more to reassure Moscow, in a profound way, that the alliance is working for stability in Europe, including for the Soviet Union," a U.S. official said.

This approach marks a turn away from an emphasis on channeling Western help primarily to the emerging democracies in Eastern Europe.

"The danger," a U.S. official said, "is that Western influence could roll eastward, right up to the Soviet frontier, and that could revive Moscow's worst fears about the result of the new Soviet approach."

Critics said that the West should concentrate its efforts in Eastern Europe and avoid identifying itself too closely with a Soviet government that seems to some to be on the brink of collapse.

But U.S. officials said that reassurances for Moscow would consolidate more peaceful relations in Europe.

CHIEF: *Buthelezi Seeks to Clarify ANC Peace Offer*

(Continued from page 1)

avoided as well as many of the more than 750 township deaths.

Apparently to save face, the ANC National Executive Committee invitation, issued to Chief Buthelezi on Thursday night, was in the form of a general convocation to all homeland leaders to get together "to devise a joint strategy for ending the violence and measures to prevent any possible future outbreaks."

It was this ANC formula of treating Chief Buthelezi on a par with the other nine homeland leaders that apparently rankled him on Friday and led to his multiple qualifications to accepting the invitation.

The Zulu leader said he would go to the meeting to say that the other homeland leaders were in no position to help reduce the violence since their regions had not been involved in the fighting. For the peace efforts to succeed, he said, "Dr. Mandela and I must get together as respective leaders of the two dominant political organizations involved in the violence."

There are indications that some senior ANC members have begun to realize the necessity of dealing directly with Inkatha to find a political solution to the violence and set the stage for a meeting between Mr. Mandela and Chief Buthelezi.

On Wednesday, an ANC delegation met with senior Inkatha officials in Durban to discuss their differences and ways to diffuse the violence. They are to continue their discussions next week.

Mr. Mandela sought Friday to smooth Chief Buthelezi's ruffled feathers. He said the Zulu leader "was and remains my friend" and said he was "indebted to him for his friendship and support" during his long years in prison.

The government, meanwhile, announced Friday that starting next Tuesday, it is imposing a 9 P.M.-to-4 A.M. curfew on those townships recently devastated by the violence, including Soweto, Tokoza, Katlehong and Vosloorus. Policemen have been given the right to detain violators for up to 12 hours and impose fines of up to $400, except on workers who have obtained special passes from their employers.

The curfew is the latest in a series of measures taken by security forces as part of their "iron fist" crackdown begun last weekend to end the township violence. Since last weekend, only a few minor incidents have been reported in the country.

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(Continued From Back Page)

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FACE-OFF IN THE GULF: Hussein's shuttle diplomacy was opposed by the U.S., but Washington would not block talks after an Iraqi withdrawal

Dispatch of 3 Warships Ends Spain's Isolation But the Spaniards Balk

By Alan Riding
New York Times Service

MADRID — The sending of three Spanish warships may have done little to tip the strategic balance in the Gulf, but it has stirred a debate over whether this long-isolated country should become more involved in world affairs.

Prime Minister Felipe González took a clear position from the start, arguing that its new membership in the European Community demanded that Spain play a role and ordering two corvettes and a frigate to the Gulf without first consulting parliament.

"I'm not going to opt for a Spain of isolation," the Socialist leader said.

But with polls showing that three-fifths of Spaniards oppose the move, it is apparent that Spain is only slowly shaking off a tradition of introspection that dates from the early 19th century and has ill prepared it to assume the risks of international politics.

> 'We had to decide whether or not we are a country.'
> **A Spanish official**

Pacifist and human rights groups protested when the warships set sail on Aug. 26. Leftist parties complained that Spain was bending to pressure from the United States. Newspapers criticized the government for including draftees among those heading for the Gulf.

[Mr. González will meet President George Bush in New York at the end of this month to discuss the Gulf crisis, a government spokesman said Friday, Reuters reported from Madrid.]

"The Gulf crisis is a major test for Spain," a government official said. "For two centuries, we always turned our backs on situations like these, so we had to take a clear position now. We had to decide whether or not we are a country."

Since taking office in 1982, Mr. González has been determined to integrate Spain into the democratic West. In 1986, he persuaded voters to approve Spain's membership in the North Atlantic Treaty Organization. This in turn cleared the way for Spain to join the European Community.

Last year, Spain also joined the Western European Union and agreed to give U.S. forces access to three air bases and a port, although requiring that American F-16 fighter-bombers stationed at Torrejón near Madrid be withdrawn by 1992. The U.S. defense secretary, Dick Cheney, arrived in Madrid on Friday for further talks on these questions.

When the Gulf crisis started, Mr. González authorized Washington to use Spanish bases as refueling stops and staging posts for its buildup. Needing a regional umbrella to justify his decision, he awaited a meeting of the Western European Union before sending the warships.

Only on Sept. 11 did the prime minister inform parliament of his moves, and while his policy was endorsed by the two main conservative parties, he was criticized for his previous silence, for risking the lives of draftees, and for referring to Spain's role as a "peace mission."

In an editorial a day later, El País also reminded the government that the support it obtained in parliament "contrasts with the divided opinions and, above all, the bewilderment of many citizens in face of the events in the Gulf."

An opinion poll in another daily, Diario 16, showed that of 800 people questioned 59 percent opposed the sending of warships, 87 percent said draftees should not have been sent, and 76 percent said the warships should not take part in a war between the United States and Iraq and should intervene only if attacked.

"The problem is that Spaniards think it's a one-way street," a Foreign Ministry official said. "They want all the benefits of membership of Europe without any of the responsibilities."

Jamal Saidi/Reuters

Refugees at a camp in Jordan at a rally to back Saddam Hussein, left, and King Hussein.

Futile Days for King Hussein

Seeking an 'Arab Solution,' Jordan Blames U.S.

By Joel Brinkley
New York Times Service

AMMAN, Jordan — As Iraqi troops were storming toward Kuwait City on Aug. 2, King Hussein of Jordan was awakened at 6 A.M. by a phone call from King Fahd of Saudi Arabia.

"Have you heard?" King Fahd asked the sleepy Jordanian monarch. "The Iraqis are within a few kilometers of Kuwait City. Can you ask them to withdraw to the disputed area," referring to a strip on the Iraqi-Kuwaiti border.

Crown Prince Hassan, brother of the Jordanian king, gave this account during an interview Thursday, adding that King Hussein had quickly made a call to Baghdad and found Foreign Minister Tariq Aziz.

Later that day, Prince Hassan said, the king spoke to Saddam Hussein, the Iraqi president, and pressed King Fahd's case.

And so, the prince said, the elusive and so far futile search for an "Arab solution" to the Gulf conflict began.

For six weeks, King Hussein has been shuttling among Baghdad, Rabat, Cairo and other capitals in the Arab world and going as well to the United States and Europe, trying, Jordanians say, to be an honest mediator. But now, Prince Hassan and other Jordanians candidly acknowledge, he has nothing to show for his efforts.

If there has been movement toward a solution, "I don't have knowledge of it," the prince said.

The king's efforts might very well have succeeded in the first days, the prince and many others in Jordan assert, had not the United States and others quickly decided to send in military forces.

But some foreign diplomats say they have concluded that the king's travels are really just a way to show the audience at home that he is active, concerned and involved, despite denials from the Royal Palace that this is his motivation.

Prince Hassan acknowledged that officials in Washington, suspicious of Jordan's actions toward Iraq, were saying that "we are just playing for time, or trying to play out the Iraqi tactic of just gaining time." The prince shook his head.

"But if you say the Arab solution is dead, I say in the first weekend an Arab solution was offered and undercut," he said, referring to the U.S. action.

While King Hussein has continued his quest for the Arab solution, his country has fallen deeper and deeper into trouble.

By all accounts, the nation's economy is on the verge of collapse as a result of Jordan's decision to comply with the United Nations sanctions against Iraq. "We are teetering on the edge of that," the prince said.

The prince also said that Saudi Arabia, Jordan's third-largest trading partner, was no longer willing to buy most Jordanian products and that, at the border, "they are opening our trucks and dumping our vegetables over the side of the road."

He was speaking before it became known that the Saudis had taken the further action of cutting off their shipments of oil, which amount to about half Jordan's supply.

Looking west for help, the prince said, is not such a bright prospect just now either. The U.S. Congress is openly angry at the king, and the prince and other government officials accuse the Bush administration of harboring secret designs to take control of the Arab world's oil.

Prince Hassan said he and his brother were trying to show Washington that Jordan was still an ally.

U.S. Open to Talks on Iraqi Grievances if Baghdad Pulls Out

By Andrew Rosenthal
New York Times Service

WASHINGTON — The United States opposed the latest attempt at Gulf peacemaking by King Hussein of Jordan and has been lobbying among the Arab nations against proposals that would offer any advance concessions to gain Iraqi withdrawal from Kuwait, a senior administration official said.

But the United States would not object if Iraq and Kuwait negotiated their territorial and oil disputes after a complete Iraqi withdrawal from Kuwait, the official said.

If the withdrawal takes place and Kuwait's government is restored, the official said: "Are we willing to talk about whatever Iraq's grievances may have been? Are we willing to ask the emir to negotiate with Saddam Hussein in good faith on their differences? That's something very different."

"That kind of face-saving is innocuous and doesn't reward him for having done what he did," he said.

But administration officials said Thursday that the United States objected to provisions in King Hussein's proposal that would have linked withdrawal of non-Arab forces to Iraq's withdrawal from Kuwait, established an unspecified "privileged relationship" between Iraq and Kuwait in the future, and called for a Middle East conference that included Lebanon and the Israeli occupation of the West Bank.

"Like all the other plans that involve rewarding Saddam Hussein, it can't be accepted," the senior official said of the king's plan.

Although the king's plan appeared to have fallen apart before it got far, the official said the administration believed "there's a danger" that a similar approach to ending the Gulf crisis could take hold in the future.

To avoid that, the official said, "we are pointing out, and I think very successfully, that to appear to reward what Saddam Hussein has done is to increase significantly the danger to everybody in the area and that their security, stability, and everything else in the development of the region depend on saying that this behavior is unacceptable, will not be tolerated, and nobody will be allowed to profit from it."

Taking a critical tone, the official said that "King Hussein has been looking from the time this crisis arose for what he calls an Arab solution," and he then indicated that all such proposals had been unacceptable to the United States.

"I haven't seen one yet that did not have some element of concession to Saddam Hussein, whether it's King Hussein's, whether it's Arafat's," the official said, referring to Yasser Arafat, chairman of the Palestine Liberation Organization.

He said the Arab peace proposals that have surfaced thus far were "all from people who are inclined toward the Iraqi case" in the crisis. The official suggested that King Hussein might have trouble getting support in the Gulf for any peace proposal.

He said that what concerns the administration was that "the Kuwaiti ruling family is not the most beloved in the Arab world."

That could lend momentum to another peace proposal like the king's failed initiative if the economic, military, and political pressure becomes strong enough, officials said.

Japanese Motorists Finally Feel a Pinch

By David E. Sanger
New York Times Service

TOKYO — Six weeks after Iraq invaded Kuwait, motorists in this completely oil-dependent nation are only now beginning to pay a bit more for gasoline, thanks to a government that exerts quiet but enormous influence to insulate consumers from the Gulf crisis.

So far, the strict control of gasoline prices is the most visible evidence that Tokyo is determined not to allow a repeat of the oil-crisis psychology of 1973 and 1979, which sent the economy into a tailspin and angered voters who are usually docile about high prices.

Japanese consumers already pay more for gasoline than almost anyone else in the industrialized world — a gallon (3.785 liters) costs as much as $3.75, including taxes of roughly $1.50.

The unwritten rules that have steadied prices in recent weeks provide a vivid counterpoint to the sharp increases in the United States.

To contain price rises, Japan is using the same mechanism that U.S. trade negotiators regularly rail against: the tight-knit network of Japanese politicians, bureaucrats and industry officials who work together in what some call a government-sanctioned cartel.

Except for rice, the staple of the Japanese diet and a fiercely protected commodity, oil has always been Japan's most politically charged commodity. That is not surprising in a country that warms most houses with kerosene, is madly in love with automobiles and increasingly disdains nuclear power.

Wholesale gasoline prices finally began to rise this week, and consumers are beginning to face somewhat higher prices at the pump.

Some officials said Japan's slowness in gathering political support for a bigger contribution to the forces in the Gulf was partly because many Japanese still see the crisis as a distant problem with little effect on their daily lives.

"Up to now, many Japanese have not seen the Gulf problem as affecting them because it hasn't cost them anything personally," an influential Japanese executive with close ties to the ruling Liberal Democratic Party said the other day.

There are fears that a big increase in gas prices could spawn a consumer and political backlash, much like the sales tax imposed on all goods a year and a half ago that contributed to the ruling party's loss of control of the upper house of parliament.

Moreover, it could slow capital spending and consumer buying, both of which are crucial to Tokyo's drive to narrow its huge trade surplus with the United States.

EC Proposes a Tightening of Embargo Measures

The Associated Press

BRUSSELS — The EC Commission proposed measures on Friday to broaden and tighten the trade embargo imposed by the 12 European Community members against Kuwait and Iraq.

The measures include extending the embargo on trade to include such services as transportation, construction work, engineering and consulting.

If approved by EC foreign ministers, the measures could force companies from the trade bloc that have continued to work on construction and engineering projects in Iraq to abandon their work.

Several EC concerns, including Dutch canal-dredging companies, have continued their work in Iraq despite the embargo imposed in early August.

In a statement, the EC Commission said that it had proposed the moves "to assure the total effectiveness of the embargo."

The proposal also called for explicit authorization by EC members to allow Kuwait public companies controlled by or operating under the Kuwaiti government-in-exile to continue their activities.

The measures also called for shortening a list of medicines that can be exported under the embargo. The commission proposes that medical products that can be used for anything other than medical purposes be deleted from the list.

A commission official said the Community did not know of any cases of abuse of medical products under the embargo. He said the measure was preventive.

The measures would require any food exported to Iraq or Kuwait under the embargo loophole for emergency humanitarian aid to be cleared first by the Community. Those food exports could only be distributed free of charge, to avoid commercial gain for exporters.

The official said the proposal had been submitted to EC governments. He said they could approve it within a week.

■ Special UN Session Sought

The Soviet Union is asking members of the United Nations Security Council to send their foreign ministers to a council meeting next week to approve a plan for tightening sanctions against Iraq and Kuwait by imposing an embargo on air traffic there and seizing their merchant shipping, The New York Times reported.

The Soviet goal is to underscore the council's determination to force Iraq to evacuate Kuwait by having its 15 member countries represented by their foreign ministers instead of their UN representatives, diplomats said.

The last time the foreign ministers of the five permanent members — Britain, France, the United States, the Soviet Union and China — attended a Security Council session was in 1987, when the council approved a plan for ending the Iran-Iraq war.

Poland Weighs Sending Small Force to the Gulf

Agence France-Presse

WARSAW — Poland is considering contributing a "small symbolic" force to the Gulf, the newspaper Zycie Warszawy said Friday.

It attributed the report to the U.S. State Department and the Polish Defense Ministry. Poland was formerly an arms exporter to Iraq, and received oil in exchange. But since the crisis, it has adhered to the UN embargo.

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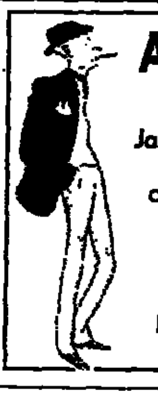

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OPINION

International Herald Tribune
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Cut the Deficit Instead

The budget talks are hung up on the president's insistence on cutting the capital gains tax. The Republicans are right that other issues persist, but none that matters as much as this one. This is a tax gift that should not be given, a bad idea that threatens for the second year in a row to derail a budget agreement on which, as the president himself acknowledges, the American economy depends.

A gains cut would be harmful fiscal, distributional and tax policy, all three. In the short run it would churn the markets and increase revenues, but that would be illusory. In the long run it would cost the Treasury money that the government does not have, widen the deficit that the talks are supposed to close, lower the national savings rate that proponents claim it would stimulate, and leave the government even less able than now to fulfill its international and social responsibilities.

All this to benefit the people least in need in the entire society: More than 80 percent of the tax cut would go to the richest 2 or 3 percent of the population. They are the ones who have most of the assets on which the gains would be realized; they are also the group whose share of the nation's income already grew most in the 1980s. A gains cut would shift a larger share of the tax burden to the rest of the population or else have to be offset by higher rates — which the Republicans resist — or some other increase in the burden at the top. Offset or not, the creation once again of two classes of income would represent a major step back from tax reform. No other decision did more to increase the fairness of the code in 1986 than the one, which the president would reverse, to treat capital gains the same as so-called ordinary income.

Proponents argue that all these supposed disadvantages would be washed away by the stepped-up investment and economic growth that a gains cut would produce. But the growth claim of trickle-down in modern dress is itself much disputed, and in any case it is hard to see how new investment would be induced by giving the holders of assets a juicy tax break on investments already made. The right way to stimulate growth is to take the pressure off capital markets and interest rates by getting the deficit down. A lower deficit will, in the long run, be a restorative for government as well. A gains cut would be a gratuitous favor for the already favored that stands in the way of doing something badly needed by the country as a whole. The president and the Democrats inclined to bargain with him on the issue should give it up. Their business is to cut the deficit instead.

— *THE WASHINGTON POST.*

Hear the Judge Again

Five days of Senate hearings have established that David Hackett Souter is no William Brennan, the giant of a liberal-principled justice he has been nominated to replace on the Supreme Court. But neither is he a Robert Bork, the nominee defeated in 1987 for rattling the foundations of modern American jurisprudence. He is in between somewhere, apparently a moderate conservative in judicial philosophy, for the most part within the mainstream of a conservative-tending legal order. His record, though not unblemished and still left incomplete by the Judiciary Committee, does reveal a talented, articulate lawyer and judge with the technical competence for high court service.

A fumbling Judiciary Committee raised, but failed to resolve, questions about Judge Souter's views on the right of millions of American women to privacy and the freedom to control their reproductive systems, including the choice of abortion. That poses the hard question: If his overall character and record are within the mainstream, should his confirmation or rejection turn on what senators know, or think they know, about his views on this single issue?

The committee managed to learn that Judge Souter, little known outside his native New Hampshire, is no quaint recluse. Yet he must have suffered some form of isolation to testify that his state has no racial problems. When he was state attorney general, his legal thinking was so insular that he argued against federal power to outlaw New Hampshire's literacy tests for voting or to require job statistics to measure equal opportunity.

This nominee's judicial philosophy is especially pertinent because so many progressive high court rulings are under attack from justices appointed by President Ronald Reagan. Judge Souter swears that he has no legal agenda of his own. He testifies that he respects precedent, even many court decisions with which he does not agree. Most heartening, he declined the invitation of some senators to bash the Supreme Court for "creating" rights that are not fairly found in the Constitution.

But a central question is whether Judge Souter views abortion rights as an illegitimate high court creation. If so, would he still honor a precedent like Roe v. Wade? Abortion rights defenders worry — with reason. They note that the nominee was selectively silent, freely stating that the death penalty was constitutional but withholding comment about women's rights to privacy. In general, it is wrong to have a single litmus test unless it is an issue of overriding importance to society. But a good case can be made that reproductive rights are as powerful as rights like free speech and racial justice.

Judge Souter's silence leaves room for speculation that he would not have supported the Roe decision in 1973, but would not overthrow it now. Those for whom this issue is so vital have grounds to speculate otherwise and to oppose him. And while the committee was right not to ask the bottom-line question, "Would you overrule Roe?" members were far too timid about seeking his views on privacy issues.

These uncertainties leave the Senate with a hard choice — and there is no escape in saying that rejecting Judge Souter would only bring on a more troublesome nominee. Many senators complained about gaps in the evidence yet squandered their chance to fill them. Some preferred tiresome, preening speeches to sharp cross-examination. One senator even used his allotted time to urge the nominee to visit an Indian reservation.

At the least, the committee cannot do its job properly without calling back the nominee for some better answers. For example, how does he justify his willingness to uphold certain rights like free speech, yet insist on saying virtually nothing about women's rights? For example, in speaking of unspecified marital rights to privacy, does he mean to deny certain rights to single women? And on other matters: What was his full role as attorney general in prosecuting demonstrators against nuclear power? Can he clarify his defense of a gubernatorial proclamation to fly flags at half-staff on Good Friday?

If senators will not press the nominee adequately, they — and all Americans — will have to judge Judge Souter on the incomplete, available evidence.

— *THE NEW YORK TIMES.*

Other Comment

America Worries Asians

U.S. Defense Secretary Dick Cheney said in Washington that the Pentagon would begin closing 127 bases and cutting operations at 23 others in 10 countries beginning next year. In Manila, chief U.S. negotiator Richard Armitage opened negotiations on the future of Clark Air Base and Subic Bay Naval Base by noting that the era of a major U.S. military presence in the Philippines was coming to an end, though he hoped that Manila would agree to a gradual phasing out, allowing American forces to remain in the country into the 21st century.

Decisions on closing or reducing operations at specific bases are part of a general post-Cold War contraction in America's global military posture which is encouraged by increasingly pressing budgetary needs. This is of concern in the Asia-Pacific region. The U.S. military presence here has not only provided a strategic umbrella but has ensured regional security by allowing countries to devote resources to economic development that would have gone into an arms race had there been no stabilizing American presence. Many Asian countries are worried over how America retreats. They hope that U.S. policymakers will find mechanisms to ensure that their country's shrinking global reach does not trigger off instability in Pacific Asia.

— *The Straits Times (Singapore).*

Terrorists and Their Hosts

A few thousand radical friends of the Iraqi leader Saddam Hussein wrapped up a three-day conference in Jordan this week with a threat to conduct terrorist activities against "American interests everywhere" if the United States gets involved in a shooting war with Iraq. The fact that these menacing words were spoken under the auspices of the supposedly moderate and pro-Western King Hussein, who sanctioned the conclave, prompted an angry rebuke from the U.S. State Department. That they contained an overt threat to kill Americans demands a more demonstrative response.

Radicals like the Palestinian Marxists Georges Habash and Nayef Hawatmeh must be taken seriously when they threaten, as they just did in Amman, to attack U.S. interests, for the sound and prudent reason that their long terrorist records signal a grimly credible indication of their future intentions. Because of their international criminal behavior, these people must be regarded as outlaws. Like other wanted felons, they should be made to feel pursued and in danger wherever they go. They have no legitimate claim to sanctuary; they have no right to be protected; they should have no expectation of being secure anywhere. This is something that the United States ought to announce now. It is something that those who so outrageously boast about their ability to murder Americans should be left in no doubt about. And it is something that their hosts, in Amman or in Baghdad or Tripoli, or wherever, should clearly understand.

The "inherent right of self-defense" recognized by international law and the United Nations charter plainly includes the right of a country to protect itself against those who have done violence to its citizens and its laws, and who impudently promise to do so again. Terrorists play a dangerous game. Those who give them material or moral support are asking to share that danger.

— *Los Angeles Times.*

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The Gorbachev Era Ends

By A. M. Rosenthal

NEW YORK — The Gorbachev era of Soviet history began in the spring of 1985. It ended the summer of 1990.

Day after day the news from the Soviet Union has been that what Mikhail Gorbachev tried to do has failed and is over. He tried to reshape the country to make it more efficient and permissive but keep it within the boundaries of the Soviet empire and under the direction of the Communist Party.

Yet the news of the end of the "reform" era has still not penetrated the consciousness of the West. It has escaped, in particular, Western politicians and Soviet affairs specialists who tied their futures so tightly to Mr. Gorbachev.

The man still has continuity value to his country and may stay on in office as president of the Soviet Union for a year or two. Suddenly, it does not seem to matter much anymore.

The job has little long-range significance, and Mr. Gorbachev's chief opponent will not touch it. Boris Yeltsin has better things to do — mainly, bringing about the dissolution of the hodgepodge of conquered nationalities that the president is supposed to govern.

Inside the Soviet Union the end of the era, if not the man, is told by lines outside bread stores and empty shelves inside. For the five years of the Gorbachev era the Soviet Union marched resolutely backward. Now he has no place to retreat to keep any remnant of the system alive, although he searches still.

Only a year or so ago, Mr. Gorbachev was swearing that he would not preside over the dissolution of the Soviet Union. With the help of the United States he blocked Baltic freedom. Now the question is how long the republics will keep the fiction of control by Moscow.

All this is no surprise to Soviet fighters for human rights who spent years in Communist jails while Mr. Gorbachev was climbing the Soviet ladder. Some of them admire him for his initial boldness. None of them I know believed for a moment that he could do the impossible — make the Soviet Union work within the Communist structure to which he clung.

But the collapse of the Gorbachev era is hard for Western politicians and intellectuals to accept. Many of them either never understood the full corruption of the Soviet system or glossed it over. I can smell the smoke as a few American economists burn their own books, the ones that told us how efficient the Soviet system really was.

Somehow, American leaders, including President George Bush, convinced themselves that the interest of the capitalist United States was to ensure the success of something called perestroika, a cockamamie "plan" on how to succeed through communism. Only recently in Helsinki, Mr. Bush still solemnly praised perestroika, by then long cold in the grave. If Soviet citizens paid any attention at all, they were saying, "Perestroika who?"

So Mr. Yeltsin rises. He once talked total murk and acted the buffoon; no longer. He has moved intellectually far faster and further than Mr. Gorbachev, who now pants behind.

Mr. Yeltsin calls not for reform but for rejection of Soviet statism and for dissolution of the Soviet empire. Mr. Gorbachev could not win fighting that platform and won't try.

CLINK!
USSR
MIKHAILANGELO

But Mr. Yeltsin concedes that he is still regarded with suspicion by some of his countrymen because he made his career through the Communist Party. Vladimir Bukovsky is a Soviet human rights activist who saw the Soviet collapse coming while Westerners thought the system would last forever. He writes in The New Republic that, fair or unfair, Mr. Yeltsin may also be transitional because of his Communist-bureaucrat background.

Anyway, Americans should not try to pick the leaders of the Soviet people by channeling all help and attention to one person. Let's not make the same mistake again — picking a hero, focusing only on him, denying a chance to young newcomers and veteran Soviet freedom fighters who have not yet made American front pages and talk shows.

Economic and technical help from the United States should no longer be funneled through the Gorbachev Kremlin. The Gorbachev era may be over but the explosion it brought blew open new openings for American business. Deals with old-time bureaucrats will not stick for long; they are signing for what does not belong to them. Finding the new entrepreneurs and capitalist-minded officials of the breakaway republics will take more time and sophistication. But that is where to look for profit — and for the new era of Soviet history.

The New York Times.

Saddam Destroys Kuwait While Americans Change the Subject

By Jim Hoagland

This is the first of two articles.

WASHINGTON — An outburst of hoof-in-mouth disease has cost General Michael J. Dugan his job as chief of staff of the U.S. Air Force. But the Dugan flap has a meaning beyond one man's bravado. It suggests that time is running out on the constructive ambiguity that President George Bush has used with great effect in the first 60 days of the Gulf crisis.

Mr. Bush must soon act decisively in Kuwait or explain why he cannot. The savage destruction of Kuwait by Saddam Hussein's troops and the shrinking national attention span in America for the complex goals and justifications for Operation Desert Shield require Mr. Bush to address more clearly two fundamental questions: Where is the United States going, and how will it get there?

General Dugan's Pentagon defenestration for a set of overstated claims for air power is unfortunate on three counts: He spilled beans better left unspilled; his dismissal will be taken by Saddam Hussein as a sign of U.S. weakness and confusion; his comments triggered unfounded assertions that a strategic-bombing campaign against Saddam would be folly.

These assertions are part of a small but growing tendency by some American opinion makers to predict that U.S. power and strategy cannot — some say, should not — bring down Saddam. This judgment leaves negotiations and compromise with the Iraqi dictator as America's only viable choice to end this confrontation.

I would have a lot more sympathy for this argument if I had not closely followed Saddam's reign of terror at home and abroad during the past 20 years and had not had the chance to visit Iraq several times and meet Saddam. Iraq's divided and brutalized people are not World War II Germans or the Vietnamese ready to resist at any price. And Saddam is not the Third World paragon that some who have recently discovered him seem to believe he is.

In the leaflets they hand out or the opinion papers they write, Mr. Bush's critics portray a Saddam I don't recognize. It is the same imaginary Saddam who for a long time dwelled in State Department cables and briefing books: a tough but responsive Saddam ready to negotiate differences in good faith, a Saddam who would let market forces determine the price of oil even though he controlled supply, a Saddam whose bellicose threats are just an unfortunate example of Arab rhetoric and not to be taken seriously.

The American dissidents are adopting the same patronizing, almost racially based attitude that American diplomats have used in explaining away Saddam's evil. Don't take his threats seriously; it is just his culture. How else is this poor beleaguered nationalist supposed to respond to finding 150,000 U.S. troops on his (recently extended) doorstep?

But while dissidents have been making such arguments, Saddam's actions in Kuwait show that he is not interested in compromise or in leaving Kuwait — on any terms.

He has begun to depopulate Kuwait, as he once did with Kurdistan, and to send in Iraqis with phony new citizenship documents. Based on Saddam's bloodstained track record, it is almost certain that the young Kuwaiti men being grabbed at the border and elsewhere in Kuwait are being sent to Iraq to die. American refugees and others report that Kuwait City's hospitals are being stripped of incubators and any other supplies that can be sent to Baghdad, leaving babies and infirm patients to die.

Those who oppose the use of U.S. military force — now — bear a heavy responsibility to describe a course of action that will halt the physical destruction of Kuwait and of those Kuwaitis who cannot or will not leave. To say that Mr. Bush should give sanctions and negotiations a chance so that he can avoid the costs of attacking Iraq's occupation forces is not enough. That does not stay Saddam's ruthless hand.

Before World War II, America watched and did not act as Germany's Jews were led away to destruction. More recently, America watched and did not act as Saddam escalated his unfinished step-by-step genocide campaign against the Kurds. Are there Americans who would again watch as the Kuwait state and people are wiped out by the Iraqis?

Saddam rushes to erase the justification for saving Kuwait by erasing Kuwait itself. That is why time is beginning to work against Mr. Bush's creative ambiguity on the relationship between aims and methods. The president also needs to speak out clearly to prevent erosion of the remarkable public support he still has in the United States.

The Dugan flap shows that the national mind is starting to wander as the crisis blends into the landscape. Instead of being part of the problem, as his firing suggests, the air campaign that he outlined is part of the answer. But the meaning of what he said was submerged in the colorful drama of a general committing career hara-kiri.

The critics of General Dugan's argument say that strategic air strikes are, like economic sanctions, too blunt an instrument to bring victory over Iraq. They cite historic examples. But Mr. Bush has the opportunity to use the combined impact of sanctions and a military campaign built around air power to save Kuwait while there is time. Such a victory is necessary, and possible.

The Washington Post.

Iraq Is Distracting America From Serious Problems

By Thomas Omestad

WASHINGTON — In fashioning a worldwide coalition against Iraqi aggression, President George Bush has proved an able foreign-policy tactician. Overlooked in the praise of his acumen, however, is a question larger than crisis management: How long should the United States endure a Middle East standoff that saps its economic strength and delays its transition from a Cold War-style superpower to a potent competitor in an increasingly geo-economic era?

Iraq's invasion of Kuwait poses a real threat to the world's oil supplies. It rudely challenges the principles of international law and peaceful dialogue that many hope will limit disputes in the post-Cold War world. Reversing the invasion and containing, if not destroying, Iraqi power is now understandably a pressing goal of American foreign policy.

Yet the administration, Congress and observers need to keep the crisis in perspective: It is a sideshow to the main event — economic competition among the United States, Japan and the European Community.

With the end of the Cold War, military power remains a decisive means of influence only in the Third World. The collapse of Soviet power and communist ideology, the integration of Western Europe's buoyant economies, the imminent reunification of Germany and the industrial resurgence of Japan all serve to subordinate the value of military muscle.

In this tripolar world, industrial countries extend their influence through capital flows rather than troop movements. A country's advances in semiconductors are a better guide to its future status than the size of its nuclear stockpile. And a well-educated, healthy and motivated work force counts more than an army bristling with exotic weapons.

Old-fashioned geopolitics may still define the game in the Middle East, but a newer, geo-economic agenda dominated by commercial and technological issues is reshaping relations among the leading power centers. A little appreciated risk of the Gulf crisis is that it will distract policymakers from making this post-Cold War transition.

Fixating on a new adversary, Iraq, may delay the hard job of putting America's economic house in order — a task that extends well beyond the congressional budget talks. The preoccupation with the Middle East may also defer the debate needed to forge a consensus on a comprehensive strategy to bolster America's position in the global economy.

In fact, the Middle East crisis will exacerbate the U.S. budget deficit and, in turn, other economic weaknesses. Unless President Bush can secure adequate burden-sharing arrangements with the allies — and not just with the Saudis and Kuwaitis — the U.S. deployments will scuttle a peace dividend that is critical to cutting the federal deficit and rebuilding America's educational system and infrastructure.

Over the long run, meaningful deficit reduction and investments in education, health care, infrastructure and energy efficiency are essential to restoring U.S. competitiveness. An indefinite military presence in the Gulf threatens to prolong Washington's neglect of these issues. It is doubtful that the administration can both undertake major domestic initiatives and manage a long and complex stalemate in the Middle East.

The military deployment, which comes as the United States is only beginning to come to grips with the disastrous costs of the S&L bailout and the cleanup of nuclear weapons sites, could push the federal deficit next year above $250 billion and, if a recession strikes, toward $400 billion. It is no wonder that administration officials are barnstorming allied capitals to solicit donations for the U.S. defense buildup.

Unfortunately, the two richest allies — and the ones that have benefited the most from decades of American protection — have been reluctant to ante up. Both West Germany and Japan have yet to back up their fine words of moral support with adequate resources. Germany so far has pledged just $1 billion toward the U.S. defense buildup, while Japan has offered a modest $2 billion.

Rather than participate in the military effort, Germany and Japan clearly prefer to send economic aid to the frontline Arab states arrayed against Iraq. Both are constrained by postwar peace constitutions and deeply rooted attitudes against overseas military involvements. Their reluctance to deploy troops abroad is understandable historically, but their tightfistedness and hesitation in other ways are not. The emerging allied division of responsibilities puts the United States in an uncomfortably familiar pattern: Washington concentrates on waging a geopolitical struggle while key allies focus on economics, in this case financial aid.

The United States assumes the bulk of political and military risks of either a lengthy standoff or war, including an Arab popular backlash against the American presence. Germany and Japan keep a lower profile and step in with the goodies — the bulk of Western aid — that help them project a more benevolent image to the Arab world. Congress and other observers are watching intently to see whether the allies' aid has strings attached that advance their commercial interests. Already a few indiscreet Tokyo businessmen have smugly predicted that Japan will weather the crisis better than will the United States because of American military costs. They are probably right.

The larger context of international relations calls for an emphasis on resolving the Gulf standoff quickly — and withdrawing the troops — rather than on managing it indefinitely. A waiting game risks continued slippage in the economy at home and in relation to other industrial countries. Americans are understandably proud of their leadership in the current crisis, but they should not let it distract them from more fundamental and enduring challenges on other fronts.

The writer is associate editor of the quarterly journal Foreign Policy. He contributed this comment to the International Herald Tribune.

Go Into Cambodia Now

By Elizabeth Becker

WASHINGTON — It took nine years, the collapse of communism in Eastern Europe and exhaustive diplomatic bargaining, but finally a United Nations peace plan has been agreed upon for Cambodia. It accomplishes the essential goals of verifying the withdrawal of all Vietnamese occupation troops and ensuring a free and fair election of a new government under UN supervision but at a very high cost.

This high price is not the $5 billion needed for a UN force, a sum that will surely be halved. It is letting the Khmer Rouge off the hook to achieve international consensus. Pol Pot and his followers are being accorded the same rights and privileges as all other Cambodians, with immediate and far-reaching consequences. Son Sen, the man who had authority over Pol Pot's Gestapo-like security system, is admitted to a new interim council for Cambodia. The Khmer Rouge will be free to campaign during elections with huge campaign funds from China — the essence of this bargain for peace.

Fortunately, the UN peace plan is so elastic that the damage can be limited, especially if countries such as the United States act now. At a minimum, the U.S. Congress could add on humanitarian aid for the people inside Cambodia to the Solarz aid package for the Cambodian noncommunist resistance. If the United States gave this aid through international organizations and posted an American diplomat in Phnom Penh now to oversee that aid, all the better. This would demonstrate America's commitment to its oft-spoken pledge not to allow the Khmer Rouge back in power.

The war continues. The Khmer Rouge have not stopped their terrorist attacks. They are trying to choke supply routes, with the tragic result that once again food and medical supplies are running short. Until a peace treaty is signed, there is no cease-fire and no date for elections. Peace may be tantalizingly near, but so, too, are the Khmer Rouge, with their midnight massacres of village chieftains and threats to undermine the peace process.

The United States is not solely responsible for this peace plan. It is important that individuals as diverse as Mikhail Gorbachev, the French diplomat Claude Martin, U.S. Congressman Stephen Solarz, Australian Foreign Minister Gareth Evans, Thai Prime Minister Chatichai Choonhavan and U.S. Secretary of State James Baker all played pivotal roles to bring about peace.

But in the end, the final UN framework is nearly identical to one designed at a 1981 conference that called for the withdrawal of foreign forces, a cease-fire, free elections under the United Nations and all within a "comprehensive political settlement." In other words, the bargain was struck nine years ago to uphold international laws forbidding foreign occupation and to ignore laws forbidding gross human rights abuses and genocide — to win peace by including rather than excluding the Khmer Rouge.

That is now history. The issue today is how to ensure that the consequence of this peace is not another war. Someday there may be a trial, and everyone from Pol Pot to Hun Sen to Prince Norodom Sihanouk could be judged for their roles in the Cambodian tragedy. Today, all the nations that have worked so hard to craft this framework should show up in force inside Cambodia, now, before final treaty signatures, and not only give aid but show with their presence that stalling tactics won't work and that this peace is not a prelude to another war.

The writer, a special correspondent for The Washington Post, is author of "When the War Was Over: A History of the Cambodian Revolution."

International Law Applies to Both Sides

WASHINGTON — If Saddam Hussein were to try to justify his treatment of hostages in a court of international human rights and humanitarian law, he would have a losing case. But the United States and its allies have been reluctant so far to seek justice in such a courtroom because international law also places important limits on their efforts to starve Iraq into submission.

Human rights law, including the International Covenant on Civil and Political Rights condemns the taking of foreign hostages. The UN Security Council, whose resolutions are binding on all states, has insisted that Iraq permit the "immediate departure" of all foreigners.

On the other side, however, limits apply to the naval blockade. The initial UN Security Council resolution authorizing the embargo exempted medical supplies and, "in humanitarian circumstances, foodstuffs." A follow-up resolution made clear that the council itself would determine when humanitarian aid was needed, and it required that aid be channeled through the United Nations in cooperation with the Red Cross or other appropriate agencies.

These resolutions parallel provisions in the Fourth Geneva Convention that restrict the scope of a blockade in time of war or occupation so long as reasonable assurances can be obtained that humanitarian assistance will not be used by an enemy's military.

The Bush administration would be in a better position to denounce Iraq's use of food as a weapon, as well as the seizure of hostages, if it more consistently voiced willingness to abide by international humanitarian law.

— *Kenneth Roth, deputy director of Human Rights Watch, commenting in The Washington Post.*

100, 75 AND 50 YEARS AGO

1890: Trouble in Goa

BOMBAY — A despatch from Goa announces that a serious disturbance occurred there yesterday [Sept. 21] on the occasion of an election. A crowd of supporters of a Republican candidate was fired upon by the troops of the Portuguese garrison. Popular feeling has been roused. A meeting of Portuguese residents of this city has been held to-day at which it was resolved to appeal to the King of Portugal to redress the grievances of his subjects in India, otherwise they would petition the Government of England to annex the Portuguese possessions here to the Indian Empire.

1915: French Advances

PARIS — Above the uninterrupted roar of the guns on the western front a series of significant French successes stand out. For days a bridgehead over the Aisne to the Marne Canal at Sapigneul has been stoutly defended against German attacks. Yesterday [Sept. 21] it was announced that the French had set foot on the right bank of the canal on either side of the bridge. The enemy's counter-attacks failed to dislodge them and the Germans fell back leaving their dead on the ground.

1940: Vichy Concedes

VICHY — Reviewing the progress in the French colonial empire of the movement in favor of General de Gaulle, a spokesman for the Foreign Ministry here admitted today that all of French Equatorial Africa [which consists of four colonies — Gabon, Chad, Ubang-Shari and the Middle Congo] and the mandated territory of Cameroon had declared for the "free French government" at London. It was conceded also that agitation by partisans of de Gaulle was strong in French North Africa and in Syria and that New Caledonia also announced its adherence to de Gaulle's group.

— *From the New York edition of the New York Herald Tribune.*

In Hong Kong Legal Dept., Legal Uproar

By Steve Glain
International Herald Tribune

HONG KONG — A barrage of corruption and misconduct allegations against senior expatriate members of the Hong Kong public prosecutor's office has brought disarray to the department and shattered its morale, according to a number of legal sources inside and outside the office.

The accusations, aimed at some among the top echelon of United Kingdom and Commonwealth attorneys working for the colony's Legal Department, underline what many critics say is the growing obsolescence of a colonial legal system scheduled to return to Chinese rule in 1997.

It also highlights, they say, the laggard pace of the government's policy to staff senior positions — still dominated by British and Commonwealth lawyers — with local residents. Of the 108 lawyers in the Legal Department, only one-third are locals, and most of those are at junior level. Government investigators refuse to say how many of the 108 are under investigation.

Since early this year, at least five prosecuting attorneys have been removed from office in connection with various accusations of misconduct or corruption. One has been convicted, one has pleaded guilty and another has been charged in court.

"The system is falling behind," said Alan Hoo, of the Queens Council and chairman of the criminal law subcommittee of the Hong Kong Bar Association. "You have to remove the colonial shackles."

Mr. Hoo was one of the few attorneys here who would speak on the record regarding the Legal Department's problems. But other experts, including private attorneys, some lawyers in the department and local academics, shared his criticism and depicted a department beset by cronyism, insularity and an overworked staff overwhelmed by its own legal problems.

In February, a former senior government prosecutor, Christopher Harris, was convicted of conspiring to procure girls under 21 for unlawful sex. Mr. Harris, a British citizen, has appealed the conviction and is free on bail.

In July, a former deputy crown prosecutor, Warwick Reid, a New Zealander, was sentenced to eight years in jail after pleading guilty in a bribery case. Last Friday, the senior assistant crown prosecutor, Kevin Egan, an Australian, was charged with helping Mr. Reid escape from Hong Kong last December. At the time, Mr. Reid was under investigation by the Independent Commission Against Corruption.

Earlier this month, two top expatriate prosecutors were suspended as part of an internal investigation, and several other foreign officials in the Legal Department are said to be under scrutiny, according to news reports and legal sources. A department spokesman could not confirm or deny the reports.

Requests for an interview with Attorney General Jeremy Mathews and senior members of his chambers were denied. There has never been an implication that Mr. Mathews has come under investigation. The prosecution division is one of five departments under the authority of the attorney general.

Hong Kong's legal system, which is almost as old as the colony, is modeled on the common law code of England and Wales. Under the 1984 Joint Chinese-British Agreement, in which London pledged to return Hong Kong to Chinese control, the colony's judicial framework will be sustained for half a century except for changes in areas related to sovereignty.

Because of a shortage of local attorneys, the Legal Department has traditionally recruited lawyers from Britain and the Commonwealth countries of Australia and New Zealand, which also follow Britain's common code. The government restricts all nonresident Commonwealth attorneys from opening their own law practice in the colony to prevent them from using the department as a stepping stone for the more lucrative private sector.

Only a small percentage of Australian and New Zealand lawyers in the Legal Department have achieved resident status, which is available to anyone who has lived in the colony for seven years. Under the Chinese-British agreement, expatriate lawyers are encouraged to remain in Hong Kong after 1997, along with other foreign professionals.

In an attempt to clean up the system, the government last month signed a British lawyer, John Wood, as director of public prosecutions to a three-year contract. Mr. Wood, the former director of Britain's Serious Fraud Office, was a pivotal figure in the successful investigation and prosecution of the Guinness fraud case last month.

The government's first priority, according to critics inside and outside the department, should be to dismantle the expatriate fraternity that has dominated the attorney general's staff since it was founded in the mid-19th century, and establish a system more appealing to local attorneys.

Because the department "briefs out" less than one fifth of its case load to the private sector, the system has become increasingly insular and thus more vulnerable to abuse, say the critics, who include academics and local attorneys.

Briefing out, a common procedure in Britain, allows the Legal Department to call on a pool of private-sector councillors to prosecute cases.

"These recent cases show up the major defect in the Hong Kong prosecution system: it's corruption prone," said Mr. Hoo. "When you have the same people in the same job for so long, and the top element in the hierarchy goes bad, it often goes unchallenged."

Legal sources and analysts said Hong Kong's youth have been discouraged from entering the public legal sector by the gap between expatriate and local compensation rates. A junior-level expatriate attorney might be paid HK$40,000 to HK$50,000 per month, according to several attorneys, but compensation for home leave, children's education and taxes can more than double that figure.

Local attorneys have lobbied for a "cash for perks," package, which would exchange the benefits of an expatriate lawyer — most of which are unnecessary for a resident — into higher wages. The government has so far resisted the plan, largely because of the potential for a backlash from other civil servant departments hit by Hong Kong's drain of professionals.

Yet higher salaries alone are unlikely to stop the drain. China's promise under the Chinese-British Agreement to preserve Hong Kong's legal framework for 50 years also applies to the colony's social, economic, and political system. But the images of last summer's crackdown on protesters in Beijing have proved more resilient than faith in China's assurances.

"The opportunity is there," said Professor Edward Tyler, head of the professional legal education department at Hong Kong University. "But you'll never make it a truly good system because the top people are always looking to get out."

Army Is Put on Alert as Aquino Raises Oil Prices

Reuters

MANILA — President Corazon C. Aquino raised oil prices Friday by an average of 32 percent. The decision set off fears of a new coup attempt and threats of a general strike by labor unions and transport organizations.

The military and police were placed on alert.

Mrs. Aquino has survived six coup attempts since coming to power in 1986; the last two followed oil-price increases. She had postponed the latest rises while arranging a limited truce with Communist rebels and consulting with political, religious and business leaders.

The government's Energy Regulatory Board announced the latest price increases. The price of premium gasoline rose 25 percent, from 7.06 pesos to 8.87 pesos a liter (about $1.30 a gallon) still among the lowest prices in Asia.

The government cushioned the increase by reducing the tax on oil.

Mrs. Aquino said the government was forced to raise prices because of the Gulf crisis, and she warned labor groups against creating unrest.

"While it may be true that certain segments may agitate the citizenry against the government," she said, "I do not believe that Filipinos would respond positively to them.

"At the same time, the government is not powerless to resist these threats of disorderly acts."

Labor and transport groups had threatened a general strike within 24 hours of any price increase.

■ Bases Talks Adjourn

William Branigin of The Washington Post reported from Manila:

The first round of U.S.-Philippine negotiations on the future of American military bases adjourned Friday, with the two sides still at odds over Philippine desires to take back some installations next year.

The negotiators reached no accord on U.S. proposals to withdraw from Clark Air Base, Subic Bay Naval Base and four smaller installations over a 10-year period, but they agreed to meet again in a month.

A Philippine spokesman said the smaller bases would revert to Philippine control in September 1991 under an "understanding" with the Americans. But a U.S. spokesman said no such accord had been reached.

American officials said their Philippine counterparts did not clarify an earlier demand for "sovereign control" over Clark "as soon as possible."

But Foreign Secretary Raul Manglapus said that the Philippine panel was "not entertaining any phase-down in Clark, because we want to take over Clark immediately upon the termination of the current agreement" next September.

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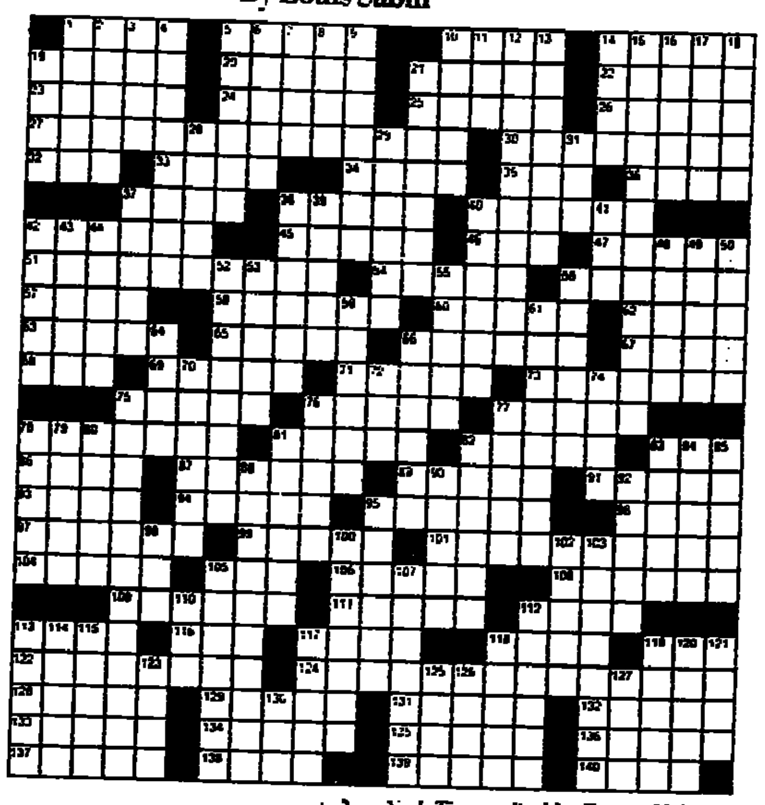
Plus Factor By Louis Sabin



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8 Former Senator from Hawaii
9 Author of "Lee's Lieutenants"
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118 Nibble
119 Kind of servant
120 Shakespeare contemporary
121 Pelion's support
123 Setback
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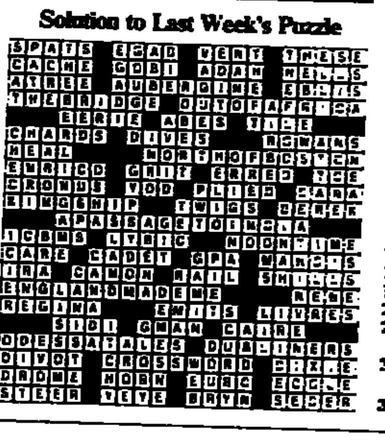
Solution to Last Week's Puzzle



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ART

Treasures Yet in a Subdued Biennale

International Herald Tribune

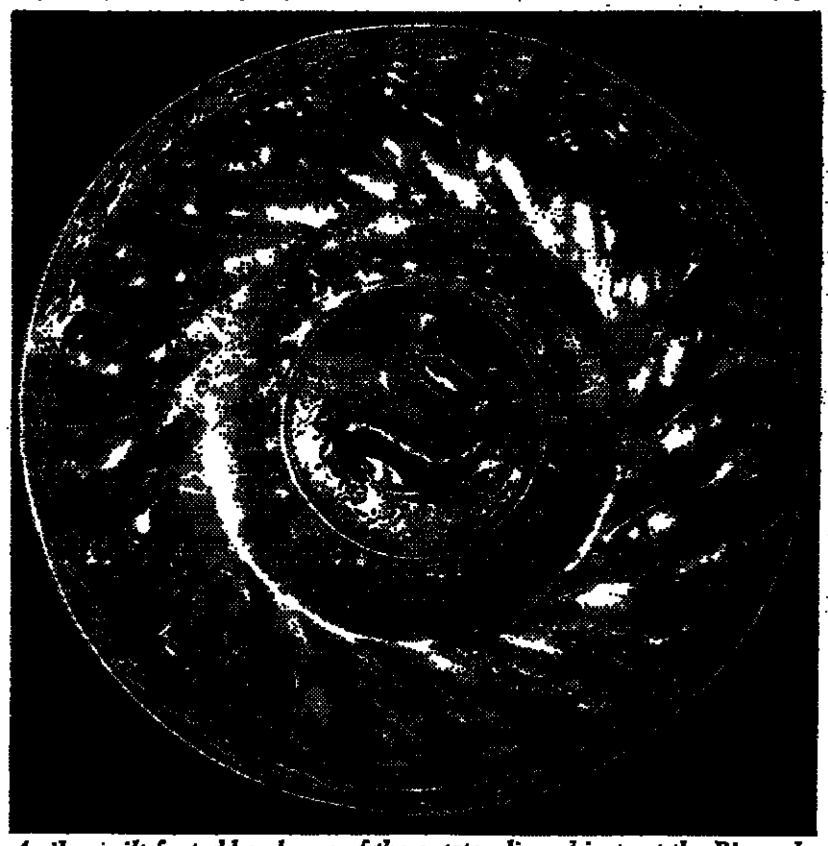
PARIS — There is a subdued quality to the Biennale des Antiquaires, which opened at the Grand Palais on Thursday night. None of the grandeur of 1986 or even 1988 is left. The international trade waits in fearful trepidation to see which way the wind will be blowing by the time the art fair closes on Oct. 7, and many dealers have chosen a more restrained approach than usual.

It says a lot for the fascination exercised the world over by the Biennale that despite these

SOUREN MELIKIAN

self-imposed restrictions, a few works turn the show into an art exhibition that should on no account be missed. Two objects are truly astounding discoveries that would draw visitors to any of the world's great museums.

One is a silver-gilt footed bowl, 20 centimeters (8 inches) across, probably of English make, dating from the closing years of the 14th century or the beginning of the 15th century. The object, displayed on the stand of Guy Ladrière, has turned up out of the blue. No provenance is stated in the color brochure printed by the Paris dealer.



A silver-gilt footed bowl, one of the outstanding objects at the Biennale.

The shape of the bowl, with vigorous whirling gadroons on the shallow underside and short everted rim, has a monumental quality. It goes back to Roman antiquity, and beyond to Middle Eastern models. It is hoisted on a tall trumpet-shaped foot. The medieval flavor is given by the magnificent border engraved and inlaid with translucent enamels on the rim. Rhythmic scrolls carrying formalized foliage swirl around the bowl, with animal and human figures at wide intervals. The style points to a touch of Italian influence; enamels such as these remind one of Venice rather than England or France.

Michel Pastoureau and Philippe Palasi, the two scholars commissioned by Ladrière to write the luxurious brochure, have apparently established that the bowl was made for one of the earls of Salisbury, either John Montagu or his elder son, Thomas. Their conclusion is based on the analysis of the enameled coat of arms beautifully done as a roundel inserted on the underside of the bowl. They wrote that the arms were carried by John between 1397 and 1400 and by Thomas between 1409 and 1428. The bowl is easily the most important piece of English silver discovered since World War II and will loom large in all future discussions on the subject. I have seen nothing quite so stunning an objet d'art from the Middle Ages in the art market in the last quarter of a century.

The other extraordinary object is not quite in the same league for rarity. Pieces similar to the celestial globe from Augsburg, which graces the stand of Alexis and Nicolas Kugel, may be seen in half a dozen museums. But this one, Alexis assures, is the only one remaining in private hands. Undated and unsigned, the globe shares various stylistic features with a famous globe in the Victoria and Albert Museum, executed by Georg Roll and Johann Reinhold. The sphere rotates in 24 hours, illustrating the movement and positions of the stars in the sky. Objects such as these are remarkable not only for the beauty of the engraved figures and patterns. They also were instruments used in advanced scientific research. The great astronomer Tycho Brahe wrote in a letter to Reinhold that one of his celestial globes allowed him to make an important discovery.

Like the English bowl, the celestial globe, possibly commissioned by Emperor Rudolf II, surfaced in a private collection. It was unknown until a photograph appeared in the supplement printed by the monthly Connaissance des Arts on the occasion of the Biennale.

Alexis, 27, and Nicolas Kugel, 24, must have been in luck. A beautiful rock crystal vase with two dragon-headed spouts on either extremity is also displayed on their stand. It is, again, an extraordinary find. The vessel was once in the French royal collection, as an inventory number, 188, engraved on the silver-gilt mount, demonstrates. Under that number, a fairly precise description of the piece is entered in the "Inventaire des Diamants de la Couronne," an inventory of the crown jewels and precious objets that was compiled in 1791.

Five related vessels are still part of the crown jewels in the Louvre. Alexis Kugel says that a few pieces from the collection of Louis XIV were given in 1796 to an army purveyor called Chapeaurouge by the Directoire, hard pressed for cash. Alexis Kugel says he is certain the vase must have been one of them. He found it more than a year ago in private hands, unrecorded. It adds one more to the small group of works considered to have been carved in the Milanese workshop of the Miseroni, in the late 16th century.

As one winds one's way through the Biennale, past too many lackluster pieces — there are masses of indifferent 18th- and early 19th-century furniture — one discovers a trickle of objets d'art that make up a small but dazzling treasure: a miniature *schatzkammer*. On the stand of Jan Dirven of Antwerp, a group of painted enamels from 16th-century Limoges is riveting — a very beautiful plaque closely matches another in the Walters Art Gallery in Baltimore. Not all great art need be famous or instantly attributable to some known artist. Dirven's North Italian door knocker, designed like some twisted dragon, is as superb as they came in the 16th century.

His colleague Bernard Blondeel, teaming with Philippe Carlier of Brussels (of the Galerie d'Arenberg), make a score. Three pieces would look well in the great medieval church treasures. One is a Cologne figure of Jesus, formerly on a cross now missing. The gilded bronze miniature sculpture has all the austere vigor that 12th-century Germany could muster. An 11th-century small chalice and paten, recovered from some tomb in the Mosan area a long time ago, are of the utmost rarity. And so is, for quality and condition, the ivory lid of a mirror casket from 14th-century France. The jousting scene pitting against each other two knights in full armor on their heavily caparisoned steeds illustrates an episode from the siege of the Bois d'Amour castle.

Further on, Achim Neuse and Volker Wurster pursue the theme of rarified objects straight from the schatzkammer with an exquisite silver-gilt casket made in 1719-1720 by the Augsburg goldsmith Esaias Busch III, a silver-gilt bowl of matching beauty by Matthäus Bauer III, and one of the finest late Baroque tankards from Augsburg that have surfaced on the market in the last decade. The scene in low relief stands out on the silver walls. It has the vigor and balance of the most accomplished monumental sculpture. It carries the mark of Emanuel Lang of Augsburg, who did it between 1708 and 1711.

It is harder to attain this caliber with painting these days. Yet, real surprise greets the visitor's eye on the stand of Yves Mikaeloff. Nicolas Joly, his assistant in charge of Old Masters, bought at an auction in Strasbourg in November a large painting by Giovanni Battista Pittoni, a much sought-after Venetian artist of the Baroque age. No attempt had been made by the French auctioneers from the Gersaint group to trace the work to early sources. Joly, an art historian, had little trouble in establishing that it is one of a set of four large paintings, 205 by 160 centimeters, that belonged to Empress Catherine II of Russia. An inventory number fits into the sequence of the other three in the Soviet Union, and the painting is briefly described in an inventory of 1797 under the title "Sémiramis." It is exhibited at the Biennale side by side with its match from the Pushkin Museum in Moscow. In October all four pictures, including two in the Hermitage, will go on view in Mikaeloff's gallery.

Elsewhere Guy Stair Sainty of New York displays an exquisite Corot of the early 1850s, one of the earliest landscapes sold by the artist to have entered an American collection. It comes from President Calvin Coolidge's family. Sainty matches it up with a Delacroix, one of the earliest to have left for the United States. They may show some restoration, but to anyone with a sense of history their appeal is irresistible.

Old and not-so-old friends turn up here and there. On Bruno Meissner's stand, the superb and rare still life by Willem Claes Heda, dated 1635, can be admired, cleaner and more dazzling than it was on June 22 in a sale conducted by Ader-Picard-Tajan group. It hangs opposite an equally rare, very early portrait by Franz-Xavier Winterhalter, sold at Christie's last December. It is a small world.

Some newcomers made a very special effort. Patrice Perrin does shows gems in his display of 17th- and 18th-century drawings, and there are enough of them — such as the most ravishing watercolor by Claude-Louis Chatelet or a deliriously witty caricature of a fellow artist by François André Vincent — to make a visit desirable and his well-written and well-produced catalogue indispensable in an art library.

Other, long-established dealers, produced the art but no catalogue. So there is no record of the wonderful Breton landscape by Odilon Redon on the stand of Hugnette and Anisabelle Bérès, nor of their astonishing Gustave Caillebotte landscapes. Making up for it, another superb Caillebotte hanging on the stand of Messrs. Brame and Lorenceau is illustrated in their special biennale catalogue.

Rarer works, such as a very delicately painted Paris view, "Les Quais," by the little-known Jean-Charles Cazin, also at Brame and Lorenceau's, would have deserved more than a short paragraph. Those who want to have some idea of his art must come to Paris before Oct. 7. They can't even buy it anymore. The painting has been reserved by the French National Museums Agency. No Cazin is to be seen in any French museum.

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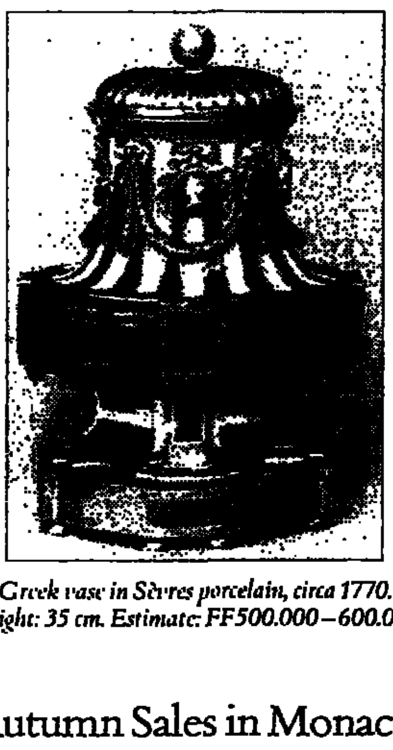

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World Images in Photojournalism

By John G. Morris

Tana Hoban

Alfred Eisenstaedt and his photos of a sailor celebrating V-J Day at Times Square and Winston Churchill.

PERPIGNAN, France — Once the capital of the Kingdom of Majorca and now the capital of French Catalonia, this city near the Spanish border is bidding to become the world capital of photojournalism.

The second annual Visa Pour l'Image, a weeklong program of photojournalistic exhibitions and audiovisual soirees that has just ended, had double last year's attendance and temporarily pulled some of the world's best photojournalists away from Jordan, Iraq, Saudi Arabia and Liberia.

This year's most honored guests were the 92-year-old Life magazine photographer Alfred Eisenstaedt and Howard Chapnick, 68, the retiring president of the Black Star agency and one of the unsung heroes of photojournalism. Eisenstaedt, who has probably covered more photo assignments than any man alive, stalked with his Leica during the day. At night he held court in the Palace of the Kings of Majorca, where the pictures were projected.

Four exhibitions and two audiovisual programs came from Black Star. The most remarkable was an exhibition of 50 "studio" portraits of endangered species, taken in the United States and Asia by James Balog of Boulder, Colorado. Inspired by the rugged beauty of a bear that once came up to his car in Yellowstone National Park, he decided to try photographing "animals in exile" in zoos and animal parks, thus "removing the visual distractions which usually surround them in nature." He took six examples to Chapnick in 1987.

The result, 233 animals, 96 species and $200,000 later, is a photographic tour de force that has appeared in major magazines throughout the world, a book, "Survivors: A New Vision of Endangered Wildlife," and three traveling exhibitions: Musée de l'Elysée, Lausanne, Switzerland, to Oct. 21; Cannon Gallery, Amsterdam, opening Oct. 19, and George Eastman House, Rochester, New York, to Oct. 28.

A second Black Star show, by the New York photographer Donna Ferrato, came from the project for which she won a 1985 grant from the W. Eugene Smith Memorial Fund, on domestic violence.

Also in this genre, an exhibition called "The Other America," by seven photographers of J. B. Pictures showed America at its worst.

The other Black Star exhibitions were outstanding examples of mainstream photojournalism. Anthony Suan, a Pulitzer Prize winner who now free-lances from Paris, showed the grim Romanian city of Copsa Mica, the Berlin Wall and war in Angola. Chris Morris, who apprenticed as a Black Star picture clerk in 1987, showed angry moments, from the Philippines, Haiti, Chile, Panama, Afghanistan, Prague, Colombia, China and London.

It is such images of *choc*, as the organizers of Visa Pour l'Image delight in calling it, that are both the strength and weakness of contemporary photojournalism. It is also fair to say that the independent French photo agencies — primarily Sygma, Gamma, Sipa, Cosmos and the new Contact, a New York group, headed by Robert Pledge, that has just opened a Paris office — lead the world in quality coverage of fast-breaking news.

The speed of today's photojournalism allows little time for reflection. For historical perspective, one turned at Perpignan not to the audiovisual spectacular, in which 1,300 images were projected onto five screens in 52 minutes, but to the 50-print show by Eisenstaedt, covering almost 60 years.

IT is instructive to compare "Eisie's" memorable closeup of the leg of a barefoot, ragged Ethiopian soldier, taken on army maneuvers there in the spring of 1935 — months before the Italians invaded — with Suan's graphic color closeup of the skull of a dead Ethiopian soldier, a victim of the current war with the Eritreans. Eisenstaedt never photographed a war.

The serious shortcoming of Visa Pour l'Image, recognized by its creators, the veteran photo magazine editors Michel Decron and Jean-François Leroy, was the lack of text panels to explain the photo sequences. They found the task of installing 34 exhibitions totaling 1,900 photos in eight locations a bit overwhelming. There were exceptions: Susan Meiselas of Magnum personally rehung her exhibition, to give it coherence, and Luc Delahaye of Sipa prefaced his show of pictures of the December revolt in Bucharest by saying: "The Romanian revolution was a deception. . . . Truth may have come off somewhat badly."

To show that photojournalism is not all blood and guts, there was a soirée devoted to sports, from the archives of Sports Illustrated, Sipa and Vandystadt, a French agency, and one on "The Endangered Planet," with classics of photo reportage by Jim Brandenburg, Eric Valli, Yann Arthus-Bertrand, Raphael Gaillarde, Jonathan Blair and Hans Silvester, as well as coverage of the Chernobyl nuclear disaster by the Soviet photographer Kostine, which cost him his life.

In two years, Visa Pour l'Image has left its mark on Perpignan. Led by Mayor Paul Alduy, city employees have worked overtime to convert historic sites into photo galleries. The Chapelle Saint-Dominique, for two centuries a scene of the Inquisition, had the Eisenstaedt show. The newly restored Convent de Minimes, most recently an army recruiting center, housed 18 exhibitions.

An estimated 80 photographers have been killed on duty in recent years. At the soirée on news photography, Patrick Chauvel of Sygma testified in words and pictures to the death, at the hands of trigger-happy U.S. Marines in Panama, of his photographer colleague, Juantxu Rodriguez. Chauvel himself was severely wounded in the incident.

Perpignan provides a place for professionals to meet. On the final big night, Filipacchi's executive editor, Roger Therond (Paris Match, Photo, etc.), had a serious exchange — over the role of magazines versus agencies in financing photo coverage — with Black Star's Chapnick, who got the last word. The evening ended on a light note. Dared to do it, Chapnick sang a chorus of "When You're Smiling."

It brought down the palace.

'Le Sacre' Comes Home

By David Stevens
International Herald Tribune

A Valentine Gross sketch of Maria Piltz, the first Chosen Maiden in "Le Sacre."

PARIS — An echo of a historic event is reverberating at the Théâtre des Champs-Elysées this week as the Joffrey Ballet presents its justly acclaimed reconstitution of Vaslav Nijinsky's radically original choreography of "Le Sacre du Printemps."

This reconstruction was unveiled in Los Angeles three years ago and has also been seen in Europe. But what makes the echo particularly resonant here is that these performances are being given in the theater where Serge Diaghilev's Ballets Russes unveiled it on May 29, 1913, with the resulting uproarious "scandal" that immediately entered theatrical history as indelibly as the riotous 1830 premiere of Hugo's "Hernani" at the Comédie Française. The first Paris performance on Wednesday understandably drew a crowd that included everybody within reach in the dance world.

And yet this was not only a dance event, nor was it in 1913. Almost any Diaghilev production was an event that embraced all the arts, and the original production of "Sacre" was a prime example.

Not only did it have Nijinsky's then incomprehensible choreography — with its turned in feet and knees, heads tilted on one shoulder, angular postures, stiff-legged leaps and stampings and falls to the ground — outraging every tenet of balletic grace. It also had Igor Stravinsky's violent, polyrhythmic score, and Nicholas Roerich's elemental, richly colored sets and costumes representing pre-Christian Russia. Even the theater was a factor — Auguste Perret's pioneering exercise in Art Deco had opened only two months earlier. Today it is a classified monument.

These performances are significantly supplemented by a compact, intense exhibition in the theater building (alas open only through Wednesday) on the history of the ballet and of this reconstitution. Aside from the extensive documentation, there are examples of Roerich's art and designs, of Valentine Gross's well-known drawings and pastels that were so important in the reconstitution, and much else that helps to re-establish the context of the original production.

Justly sharing in the curtain calls were the two people mainly responsible for this rebirth. They are Millicent Hodson, an American dance scholar whose meeting with Robert Joffrey in 1971 in Berkeley gave her research a practical impulse, and Kenneth Archer, an English art historian and specialist on Roerich. Now married, they are continuing their collaborative investigations into other recesses of dance history, and visitors to the exhibition can see a couple of videotapes devoted to their work on "Le Sacre du Printemps."

In the first issue of the Carnets du Théâtre des Champs-Elysées, which serves as an exhibition catalogue, Archer makes a powerful case for Roerich's central importance in the concept of this production. Roerich, besides being a painter and sculptor, was an archaeologist, anthropologist, folklorist and something of a mystic. He did not hang around after "Sacre," but returned to Russia, lived for a while in the United States and spent the last 20 years or so of his life in the Himalayas, until his death in 1947.

But besides being the set and costume designer for "Sacre," he was also its official co-librettist with Stravinsky. Nijinsky gave him equal rank to the composer as an inspiration for his primal, ritualistic choreography, and he is said to have refused to plans his dances until he had Roerich's designs.

Roerich's role in the creation of the ballet has been cast in the shade for a variety of reasons. One is that before 1913 ended, Nijinsky married and was dismissed by Diaghilev — his lover and protector. Nijinsky's "Sacre" was never performed again — when the Ballets Russes revived it in 1920, it was in Léonide Massine's quite different version, and by then Nijinsky had disappeared forever into mental illness.

But Stravinsky lived on to 1971, and it is his various versions of events leading up to the creation of the ballet that has provided much of the first-hand information until very recently, reinforced by the familiarity of the score of "Sacre" as a concert hall staple of early 20th-century modernism. Some revisionism seems in order, and it is getting it in this reconstituted production and the attendant exhibition.

There was no "scandal" on Wednesday, of course, and indeed there was no "scandal" at the other performances in Paris and London — eight in all — in 1913. The uproar at the premiere was largely the product of Diaghilev's marshalling of the shock troops of modernism. Stravinsky has convincingly recorded that the impresario was thoroughly pleased at the result.

THE real triumph of the Joffrey production is that it does not come over as a mere scholarly exercise, but as a solid theatrical event and a convincing recreation of what Diaghilev, Stravinsky, Nijinsky and Roerich were up to. Stage productions of any kind, no matter how good, are notoriously ephemeral, so it may even be to the advantage of Nijinsky's "Sacre" that it was lost and buried and now has been painstakingly exhumed in admirable condition.

The rest of the Paris program is also of works from the Joffrey catalogue of reconstitutions. Another of Nijinsky's mere four choreographies, "L'Après-midi d'un faune," a stylized frieze of austere eroticism to Debussy's score and in Léon Bakst's densely humid setting. (Like much of "Sacre," it comes in a direct line from Nijinsky through Marie Rambert, who was his assistant in 1913 and died in 1982.) The other is "Parade," the Massine-Satie-Cocteau-Picasso 1917 jokey Cubist music-hall sendup.

Beatriz Rodriguez as the Chosen Maiden in "Sacre" and Tyler Walters as the faun Nijinsky created in 1912 both excelled, but this program is mainly a showcase for the company. The Orchestre National de France, under John Miner and Allan Lewis (for "Sacre"), provided the music but not much of the excitement.

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NYSE

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chg
		A								
27½	13⅝	AAR	.48	3.5	9	953	14 d	12⅝	13⅝	+ ¼
9⅝	7⅝	ACM n	1.01	12.8	—	128	8⅛	7⅞	7⅞	— ⅛
11⅝	9⅝	ACMIn	1.26	13.3	—	788	9⅝	9⅝	9⅝	+ ⅛
9⅝	6⅝	ACM M n	1.01	14.7	—	481	7	6⅞	6⅞	—
12⅝	10	ACMMM	1.50	13.0	—	219	11⅝	11½	11½	—
11½	9¼	ACM Sc	1.26	13.3	—	1908	9½	9⅝	9½	+ ⅛
9⅝	7½	ACMSp	1.01	13.5	—	1271	8 d	7⅛	7½	—
24⅝	14⅝	AL Lab	.16	.8	17	38	19⅛	19	19	—
5⅝	1¼	AM Intl	—	—	—	902	1½	1⅝	1½	—
23⅝	7	AM In pf	2.00	23.5	—	21	8⅝	8½	8½	—
107⅝	41½	AMR	—	—	9	3814	41⅞d	41¼	41⅝	— ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chg
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10½	8	TmpIVI	.42e	5.3	—	438	8¼	8	8⅛	—
71	49	Tenneco	3.20	6.2	11	3020	51⅝	50¾	51½	+ ⅛
97⅝	93⅝	Tenc pr	7.40	7.7	—	1	95⅝	95½	95½	— ¼
20⅝	15⅝	Tenco n	2.20	12.0	—	325	18½	18¼	18⅝	— ⅛
13⅝	5½	Teradyn	—	—	—	2511	5⅝d	5⅝	5⅝	— ⅛
10⅝	7⅝	Tesoro	—	—	—	49	8½	8¼	8½	+ ⅛
19½	16½	Tesor pf	.54k	—	—	23	17⅛	17	17	— ⅛
68⅝	48⅝	Texaco	3.00	4.7	14	7126	64½	63⅝	64⅛	+ ⅛
31⅝	17	TexInd	.20	1.1	—	57	17½	17⅛	17½	+ ⅛
44	24⅝	TexInst	.72	2.7	25	2857	27⅝	26⅝	26⅝	— 1⅛
37⅝	31¼	TexUtil	2.96	8.8	7	4088	33⅝	33¼	33½	— ⅛
11⅛	4⅝	Texfi	—	—	9	282	5 d	4½	5	+ ⅛
10⅝	9	Texfi pf	1.00	10.0	—	2	10	10	10	+ ⅛
10	9¼	Texfi pfB	—	—	—	150	9⅝	9⅝	9⅝	—
28⅝	18⅝	Textron	1.00	4.6	7	1363	22⅛	21⅞	21⅝	— ⅛
8⅝	4⅝	Thack	—	—	—	31	5⅝	5	5⅛	+ ⅛
72⅝	6⅝	ThaiC n	—	—	—	124	6⅝d	6½	6⅝	— ⅛
35½	14	Thai	2.45e	16.3	—	349	15⅛	14⅝	15	— ⅛
37⅝	22⅝	ThrmEl	—	—	17	161	24⅝	24⅝	24⅝	—
15⅝	9⅝	Thiokl n	.30	2.8	5	1163	10⅝	10⅛	10⅝	+ ⅛

(Continued on Page 13)

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ECONOMIC SCENE

U.S. Recession Talk: Just A Question of Semantics?

By Leonard Silk
New York Times Service

NEW YORK — Is the United States entering a recession or isn't it? The sages, here and abroad, differ. In his congressional testimony this week, the Federal Reserve Board chairman Alan Greenspan said the risks of recession had been increased by the confrontation in the Gulf, but he still saw no downward tilt to the economy.

And he said the Federal Reserve would not ease monetary policy until the administration and Congress reached agreement on a long-term plan for cutting the federal budget deficit.

The International Monetary Fund, on the eve of the IMF-/World Bank annual meetings this week, sounded more bullish than Mr. Greenspan. It said the United States would avoid a recession this year and growth would pick up in 1991.

'Forecasts based on semantics, assumptions and policy.'

But, on the bearish side, 58 percent of the 50 economists and forecasting groups surveyed by Blue Chip Economic Indicators predicted that a recession would start this year or in 1991.

Robert J. Eggert, Blue Chip's editor, said that in the last two months its consensus forecast for growth in real gross national product in 1991 had declined to 1.2 percent, from 2.2 percent, one of the sharpest drops in the survey's 13-year history.

What explains the differences among these people who peer into the future? Not economic indicators or other facts and factoids available to all economists, but rather three other factors: semantics, assumptions and policy.

Mr. Greenspan's position that it was "too soon to indicate" whether the odds on recession are greater or less than 50-50 reflected both his semantics and policy.

On the semantic side, he shied away from the "conventional" definition of a recession — two consecutive quarters of decline in real gross national product — suggesting that a more useful definition was that a recession is a decline so serious that it begins to feed on itself.

If the Blue Chip consensus forecast of 1.2 percent growth in 1991 is about right, and if the Fed essentially shares it, as it apparently does, that forecast could be consistent with a conventional recession.

SUCH A RECESSION could start, for instance, in the fourth quarter of this year, and last only through the first quarter of next year.

But that would imply a recession that "did not feed on itself," followed by a relatively good recovery in the second half of 1991. In Greenspanian semantics, that would be no real recession.

On the policy side, the Fed chairman has two concerns: to keep pressure on the administration and Congress to deal with the budget deficit; and not to relax monetary policy too soon, lest markets take it as an inflationary response to political pressures.

That in turn might perversely raise interest rates and give the economy a double blow of higher inflation and lower growth. Cutting the budget deficit would reduce public claims on private savings, ease rates and set conditions in which the Fed could relax monetary policy without fear of pushing up inflation.

The major difference between the more cheerful forecast by the IMF and the others lies in its assumption that the world oil price, now around $35 a barrel, will average $26 for the rest of this year and come down to $21 by the fourth quarter of 1991.

How good are these assumptions? They are certainly wishful. It is true that the Organization of Petroleum Exporting Countries has not changed its reference price of $21 a barrel that was in place before the Iraqi invasion of Kuwait, and that an OPEC representative said last week that OPEC still assumes the price for the coming year will stay in a range of $21 to $25 a barrel.

But even on relatively hopeful assumptions, the Gulf crisis, as long as it lasts, will mean somewhat higher inflation, somewhat slower growth and higher unemployment.

Chase Sees Loss After $1 Billion Charge

Compiled by Our Staff From Dispatches

NEW YORK — Troubled Chase Manhattan Corp. announced Friday it expects to post a $625 million loss in the third quarter after setting aside $1 billion to cover loan losses, mainly on real estate, and a restructuring that includes about 5,000 job cuts.

Chase, the second-largest U.S. bank holding company with about $107 billion in assets, said the downsizing would save it about $300 million a year.

It also said it would cut its quarterly dividend by more than half to 30 cents a share from 62 cents, a move analysts said would save the bank about $100 million more.

Chase issued the loss forecast just hours after publicly denouncing rumors it was in serious trouble as "absolutely false." It asserted that its capital base was sound.

Of the $1 billion set aside, Chase said $650 million would go to provisions for possible loan losses and the remaining $350 million would cover restructuring costs.

The loan provision reflected the "accelerated deterioration of the domestic commercial real estate markets and its impact on the corporation's real estate loan portfolio."

The provision will be $425 million more than Chase set aside in each of the first and second quarters. The bank said it expects to post a net profit of $140 million in the fourth quarter after adding $170 million to $200 million to loan-loss provisions.

Chase said the charges will be offset somewhat by a $117 million gain on the sale of a Frankfurt office building. It said it expects to sell more properties throughout the world over the next 12 months.

After the actions, the bank said its total capital at Sept. 30 will be about $11.1 billion, or 10.7 percent of total assets, and core capital will be about 4.1 percent of risk-adjusted assets. Both measures exceed international guidelines banks are required to meet by the end of 1992.

Thomas G. Labrecque, Chase's chairman-designate, said the bank had no plans to sell debt or equity or merge with another bank because it is well capitalized.

Chase said it will withdraw from certain underperforming business activities as well as cutting its headcount. The moves will cut 1991 expenses by $300 million, it said. As resources are deployed toward more profitable activities, the effect should boost net income by $300 million next year, it added.

About $200 million of the restructuring charge will cover overseas cutbacks, including the consolidation of European trading and related processing operations, the withdrawal from unprofitable retail business in Europe and a reshaping of its corporate finance and risk management functions.

Chase said domestic cutbacks will account for $100 million in charges and include a voluntary separation program, other staff reductions and the disposition of selected underperforming or nonstrategic businesses.

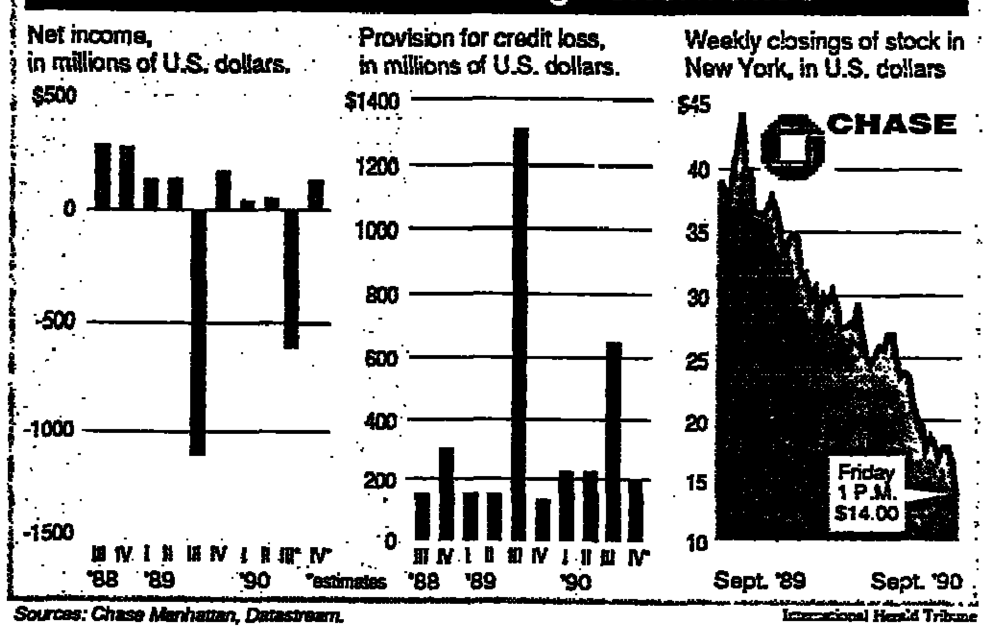
Chase said nonaccruing loans, excluding cross-border outstandings to refinancing countries, are expected to be about $2.5 billion at Sept. 30, up from $2.0 billion at June 30. Chargeoffs in the quarter not related to less developed countries will total about $275 million, including $105 million of consumer loans and $65 million of U.S. commercial real estate loans, it said.

It said its loan loss reserve at Sept. 30 will be about $2.9 billion, or 3.8 percent of loan outstandings.

Chase's earnings tumbled 64 percent to $96 million in the first half, and rumors of a deterioration in its condition have battered its stock. The stock fell $ Friday to $12.75.

Although Chase has blasted the rumors, the bank apparently decided to unveil its plans early. It had been expected to disclose its restructuring after Oct. 1, when Mr. Labrecque succeeds Willard C. Butcher as chairman and chief executive. *(UPI, Reuters, AP)*

Chase Manhattan's Faltering Performance


Net income, in millions of U.S. dollars.
$500
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*estimates
Provision for credit loss, in millions of U.S. dollars.
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1200
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III IV I II III IV I II III IV*
'88 '89 '90
Weekly closings of stock in New York, in U.S. dollars
$45
40
35
30
25
20
15
10
CHASE
Friday 1 P.M. $14.00
Sept. '89
Sept. '90

Sources: Chase Manhattan, Datastream. International Herald Tribune

Pound Plunges As Hopes Wane For EMS Entry

Compiled by Our Staff From Dispatches

LONDON — The pound plunged Friday, triggering repeated intervention by the Bank of England, the U.S. Federal Reserve and the West German Bundesbank, after Prime Minister Margaret Thatcher was quoted as indicating the currency cannot be pegged within the European Monetary System anytime soon.

The nosedive, which saw the pound lose more than 3 cents against the dollar and 3 pfennig against the Deutsche mark before rallying slightly, also underscored the concern in financial markets over Britain's persistently high inflation rate and weak economy. Those poor fundamentals could continue to hurt the pound, analysts said.

"Sterling will remain under pressure," said Neil Mackinnon, chief economist at Yamaichi International.

While the pound's decline dominated trading, the dollar declined modestly against major currencies.

The trigger for the sterling selloff was a report by the Daily Mail quoting Mrs. Thatcher as saying Britain's inflation would have to fall by several percentage points before the pound could join the Exchange Rate Mechanism of the EMS, which limits currency fluctuations.

The prime minister's office later denied that Mrs. Thatcher had referred to a drop of several percentage points, and the chancellor of the Exchequer, John Major, reiterated that the government was committed to membership in the Exchange Rate Mechanism, but the damage had been done.

"If you had asked the foreign exchange market on Monday morning, 99 people out of a hundred would have said sterling would join ERM in November," said David Cocker, currency strategist at Chemical Bank in London. "If you asked them today it would be more like 19 — if that."

"ERM entry was always seen as the support to see you through the hard times in the economy," Mr. Cocker said.

Dealers said hopes of an early entry of the into the Exchange Rate Mechanism was also dampened by remarks made Wednesday by the Bundesbank president, Karl Otto Pöhl. In a clear reference to Britain, Mr. Pöhl said countries with high inflation might find it hard to become full members of a European monetary union.

"You have to suppose that if the head of the Bundesbank would not agree to imminent entry into the EMS, it's not going to happen," said Harry Mundt, vice president on the corporate desk at Security Pacific in Frankfurt.

On Monday, Britain reported that its retail price index had risen 10.6 percent in the 12 months to

See POUND, Page 12

Fed Ends Depression-Era Banking Ban

By Michael Quint
New York Times Service

NEW YORK — By granting permission to J.P. Morgan & Co. to trade and sell corporate stocks, the Federal Reserve Board has broken down the Depression-era regulation that has separated the banking and securities businesses.

With Thursday's action, the Federal Reserve has reversed the major parts of the Glass-Steagall Act of 1933.

The law was a reaction to abusive practices before the Depression, when some banks were found to have sold corporate stocks at unreasonably high prices and to have used the proceeds to repay loans.

For years, analysts have argued that the original legislation is a relic of an era before computers, innovative financing techniques and a host of new competitors transformed the banking industry.

Morgan and a handful of other large banks have long sought to expand their activity in the securities markets.

They contended, and were backed by many federal banking regulators, that banks needed such authority to compensate for the business they have lost to Wall Street as their large corporate clients learned they could borrow money more cheaply in the securities markets than from banks.

The ability to compete in the securities market would also help banks compete with foreign banks, which have broad power to trade securities.

Manuel H. Johnson, a former vice chairman at the Federal Reserve, told a congressional committee in March that allowing banking units to expand into the securities market "may produce the potential for substantial public benefits."

He said that fresh competition in the securities markets from banks could reduce costs to borrowers, increase the availability of services and encourage more innovation.

But securities dealers have fought hard and spent millions on legal fees and court actions to keep banks out of their business. "Glass-Steagall was created by Congress, and if it is to be unwound, it should be done by Congress, not by banking regulators," Edward I. O'Brien, president of the Securities Industry Association, a trade group, said Thursday.

He added that "there is still a fundamental question in my mind about whether the government deposit insurance fund will some day be called upon to protect depositors because of losses in the securities business."

Before allowing bank securities units like J.P. Morgan Securities Inc., to begin dealing in stocks and bonds, the Federal Reserve imposed several restrictions.

For example, the securities affiliates formed by bank holding companies must operate with separate management and capital to protect the rest of the bank from the risks of the securities business.

The Federal Reserve also imposed rules intended to prevent banks from using government-insured deposits to finance activities of their securities affiliates, a move to protect depositors and prevent another crisis like that in the savings and loan industry.

The Federal Reserve will also not allow revenue from the new stock and bond trading operations to exceed 10 percent of the total revenues of the banks' securities units.

Since last year bank securities units have been allowed to underwrite corporate bonds.

Several other banking companies, including Bankers Trust Co., Citicorp and five foreign banking companies, have applied to the Federal Reserve for authority to deal in corporate stocks.

Even with the restrictions, many

See BANKS, Page 13

Portugal Ties Escudo More Closely to EMS

Reuters

LISBON — Portugal's central bank has unveiled measures to link the escudo more closely to currencies in the European Monetary System's Exchange Rate Mechanism and allow the escudo to fluctuate more freely.

The new measures are the latest moves by the government to curb an inflow of foreign capital that forced the central bank to buy more than $4 billion in foreign currencies in the first half of the year to stabilize the escudo.

A Bank of Portugal statement said that beginning Oct. 1 only currencies in the Exchange Rate Mechanism, or ERM, would be included in the trade-weighted basket of currencies against which the escudo is fixed.

Eight currencies, including the yen, the British pound and the U.S. dollar, now make up the basket. With the change, only the principal ERM currencies will be included.

The escudo has traditionally been maintained by monthly government intervention against the basket of currencies but allowed to float for a certain time each trading day.

In the past couple of years, to protect the competitivity of Portuguese goods, the escudo was devalued by 0.25 percent a month on a crawling peg.

Soviet Economy Plan May Promise More Than It Can Deliver

By Peter Passell
New York Times Service

NEW YORK — Like a high-wire artist frozen in midstep, Mikhail S. Gorbachev seems neither willing to risk a perilous dash to capitalism nor able to move back to a socialist alternative.

Just days after endorsing the free-market reforms drafted by his principal economic adviser, Stanislav Shatalin, the Soviet president called for a national referendum on a crucial feature of the plan, the legalization of private landholding.

That does not entirely surprise Western economists, who speculate that Mr. Gorbachev has only recently taken full measure of both the near-intractability of Soviet economic problems and the breathtakingly radical nature of Mr. Shatalin's proposed solution.

For while the 500-day plan would by no means assure a recovery, it certainly would put a stake through the heart of the central authority that brought the economy to ruin.

Two well-publicized features of the Shatalin program guarantee it a broad measure of political and popular support. The plan would devolve control of mineral wealth, as well as virtually all power to tax and spend, to the individual Soviet republics.

And it would aggressively defend the living standards of Soviet citizens during the transition, controlling excess national spending by slashing the budget for the military, the KGB, foreign aid and grandiose domestic projects.

American experts, who have been frustrated by Soviet attempts to enjoy the sizzle of free markets without paying for the steak, are eager to think the best of the plan.

"It touches all the right bases," said Ed

NEWS ANALYSIS

Hewett, an economist at the Brookings Institution. "It looks better than anything I've seen," Richard Ericson, an economist at the Harriman Institute at Columbia University, agreed.

Abraham Katz, the president of the U.S. Council for International Business, is particularly enthusiastic about the endorsement of property rights. The plan, he said, "has bitten the bullet on privatization."

Still, they all admit to more than a little skepticism. One problem is the inherently sketchy nature of a proposal drafted on a few months' deadline. "I don't know how they expect to set up a banking system in 100 days," Mr. Ericson said.

But the more fundamental worry of the experts is: the plan promises far more than it can probably deliver. Under the plan, hardly anyone is to suffer a decline in living standards, and those who do are supposed to be swept along quickly in the rising tide of prosperity.

Padma Desai, an economist at the Harriman Institute, doubts that the budget can be balanced or agriculture successfully privatized without a sharp rise in the price of staple foods.

And Mr. Katz wonders what will happen to the unemployed. "The initial layoffs of 5 to 10 million," he said, "could double or triple very quickly."

In the initial phase of the plan, pent-up purchasing power would be absorbed by auctioning off some state-owned property and by reducing the government budget deficit from about 12 percent of gross national product to less than 1 percent.

Most subsidies to industrial enterprises, now amounting to perhaps 3 percent of GNP, would be eliminated. Farmers would have the option of demanding a share of land controlled by their collectives.

Later, half of all smaller enterprises would be sold. Wages would be indexed to prevent erosion of workers' incomes. By

See PLAN, Page 13

CURRENCY RATES

Cross Rates Sept. 21

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.78	3.385	1.1273	0.3368	0.1513 *	—	5.465 *	1.3463	1.3037 *	1.5385	1.804 *
Brussels	32.425	58.9375	20.561	6.14	2.761 *	18.240	—	24.5395	0.2372	28.025	32.915 *
Frankfurt	1.5795	2.966	—	0.2987	0.1342 *	0.8872	4.865 *	1.1915	1.1535 *	1.3658	1.599 *
London (a)	1.8695	—	2.9159	9.7614	2,200.50	3.2891	59.865	2.4399	253.78	2.2375	181.50
Madrid	98.77	181.955	62.33	18.676	8.294 *	55.485	3.0415	74.36	72.15 *	85.40	—
Milan	1,176.65	2,172.50	744.85	222.55	—	661.20	36.252	888.70	8.592	1,015.25	11.924
New York (b)	—	1.8695 a	1.5765	5.2005	1,175.30	1.7795	32.445	1.3285	136.45	1.1530	96.585
Paris	5.288	9.784	3.348	—	0.4486 *	2.97	0.1658	3.988	3.8892 *	4.574	5.352 *
Tokyo	137.88	258.72	87.30	26.08	0.1171	77.46	4.2472	104.35	—	119.62	1.3846
Toronto	1.1529	2.1297	0.7386	0.2182	0.88 *	0.6483	3.554 *	0.8731	0.844 *	—	1.172 *
Zurich	1.3155	2.438	0.8365	0.2494	0.1119 *	0.7398	4.069 *	—	0.9402 *	1.1385	1.2371 *
1 ECU	1.2864	0.7866	2.0589	6.892	1,534.51	2.3298	42.2789	1.7287	178.651	1.51	128.401
1 SDR	1.3868	0.7532	2.1904	7.3331	1,629.30	2.4684	45.0451	1.8374	190.539	1.6004	134.989

Closings in London and Zurich, fixings in other centers. New York closing rates. Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	5850.0	Greek drac.	155.25	Mex. peso	2888.00	S. Afr. rand	2.565
Austral. $	1.2711	Hong Kong $	7.7585	N. Zealand $	1.6168	Soviet ruble*	0.5647
Austr. schil.	11.06	Indian rupee	17.857	Norw. krone	6.105	Swed. krona	5.798
Brazil cruz.	78.49	Indo. rupiah	1847.83	Phil. peso	25.57	Taiwan $	26.87
Chinese yuan*	4.72	Irish £	0.5855	Port. escudo	138.40	Thai baht	25.40
Danish krone	6.0178	Israeli shek.	2.0377	Saudi riyal	3.7497	Turkish lira	2679.03
Egypt. pound	2.7434	Kuwaiti dinar	n.a.	Sing. $	1.763	UAE dirham	3.6722
Fin. markka	3.775	Malay. ring.	2.6972	S. Kor. won	714.70	Venez. boliv.	48.70

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.8376	1.8273	1.8184	Canadian dollar	1.1638	1.1666	1.1783
Japanese yen	136.69	136.65	136.65	Swiss franc	1.3231	1.3231	1.3231
Deutsche mark	1.5760	1.5762	1.5760				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

INTEREST RATES

Eurocurrency Deposits Sept. 21

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	[illegible]	[illegible]	7 7/8-8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9 7/8-10	9
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10-10 1/8	[illegible]
6 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1 year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sources: All Reuters except ECU: Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates Sept. 21

	Close	Prev.
United States		
Discount rate	7.00	7.00
Prime rate	10.00	10.00
Federal funds	8 1/4	8 1/8
Com paper 90-179 days	7.60	7.60
3-month Treasury bills	7.26	7.27
6-month Treasury bills	7.33	7.32
1-year Treasury bills	7.28	7.27
30-year Treasury bond	9.13	9.04
2-month CD's	7.45	7.55
3-month CD's	7.65	7.55
Japan		
Discount rate	6.00	6.00
Call money	7 21/32	7 21/32
2-month interbank	8 13/32	8 3/8
3-month interbank	8 13/32	8 3/8
West Germany		
Discount rate	6.00	6.00
Lombard rate	8.00	8.00
Call money	8.05	8.05
1-month interbank	8.25	8.25
3-month interbank	8.40	8.40
6-month interbank	8.70	8.70
Britain		
Bank base rate	15.00	15.00
Call money	14 15/16	14 13/16
3-month interbank	14 15/16	14 15/16
6-month interbank	14 7/8	14 7/8
France		
Intervention rate	9 1/2	9 1/2
Call money	9 9/16	9 13/16
1-month interbank	9 7/8	9 13/16
3-month interbank	10 3/16	10 1/8
6-month interbank	10 7/16	10 3/8

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits Sept. 21

1 month	8 1/16 - 8 3/16
2 months	8 1/16 - 8 3/16
3 months	8 1/16 - 8 3/16
6 months	8 1/4 - 8 3/8
1 year	8 1/4 - 8 3/8

Source: Reuters.

U.S. Money Market Funds Sept. 21

Merrill Lynch Ready Assets
30-day average yield: 7.57
Telerate Interest Rate Index: 7.945
Source: Merrill Lynch, Telerate.

GOLD

Sept. 21

	A.M.	P.M.	Ch'ge
Hong Kong	390.55	389.45	+ 4.20
Luxembourg	389.70	—	+ 4.25
Paris (12.5 kilo)	391.29	390.26	+ 1.49
Zurich	389.75	389.85	+ 2.40
London	390.10	389.30	+ 2.35
New York	—	389.75	+ 0.50

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Algeria Sees $1 Billion Windfall This Year From Oil Price Run-Up

By Edward Schumacher
New York Times Service

ALGIERS — The sharp increase in the price of crude oil has meant a projected windfall of $1 billion for Algeria at a time when the nation is suffering from economic turmoil, social tension and a pressing foreign debt.

Government officials said they hoped that the windfall would aid in overhauling a $24 billion foreign debt, 70 percent of which matures by 1993.

Algeria, with a population of 25 million, is one of the few large and populous Arab countries to have oil. Because Algeria has been producing at full capacity, its economy is particularly sensitive to fluctuations in the price of oil.

After averaging $18 a barrel this year, crude oil has risen to more than $35 a barrel following the invasion of Kuwait. Algeria can use the money. Its economy has been in disarray since the mid-1980s, when falling world oil prices halved its income.

According to the Algerian central bank, the country earned an estimated $9.1 billion in oil and gas exports last year, well below the $13.7 billion earned in 1980, especially when the drop in the dollar is taken into account. Oil is paid for in dollars.

The $1 billion windfall on top of a projected $10.1 billion in earnings this year is based on oil selling at an average of $25 a barrel to the end of the year, officials said.

The windfall would be even greater were it not that gas prices, though related to oil prices, do not increase as fast. Nearly 60 percent of Algeria's oil-related exports are in gas — in liquid, natural and petroleum forms.

The burden of Algeria's foreign debt is such that the Economics Ministry had designated three-quarters of this year's oil earnings for debt service, leaving little for badly needed industrial and consumer goods.

The government is reluctant to formally reschedule its debt for fear its credit rating may be damaged. Instead, it is negotiating with a consortium of American and French banks to lengthen repayment periods, in part through a novel plan in which the French government in July agreed to help guarantee the refinancing of $1 billion to $2 billion with zero-coupon bonds.

Bankers had been resisting Algerian overtures, but the windfall eases Algeria's cash flow and will bolster lender confidence, said a European banker who spoke on condition of anonymity.

Algeria faces a more fundamental problem — a heavily state-run and inefficient economy gone awry.

Two years ago, hundreds of people were killed here in riots touched off by shortages of food and consumer goods and an unemployment rate that still runs officially at 24 percent. State factories are running at 10 percent to 60 percent of capacity, Algerian analysts said.

Wildcat strikes have become common, and even the Foreign Ministry has been paralyzed in recent weeks by 700 employees who walked out in a demand for higher wages.

An Islamic fundamentalist party, the Islamic Salvation Front, capitalized on discontent to win 54 percent of the vote in local elections in June.

The fundamentalists, who say they uphold free-market principles, are well positioned to win parliamentary elections next year, but aging leaders from the ruling party still uphold the revolutionary socialism of the 1960s.

Government officials say they have been forced to move piecemeal to introduce decentralization and what they hope will be eventual privatization. About 300 of the state's 450 companies have been made autonomous, meaning that they must find their own supplies, sales and financing. The government still imposes high hiring quotas.

Even government officials concede that the prescription is a formula for bankruptcy for all but the healthiest companies, but they say it is the only way they can winnow the state sector.

Oil Surge Lifts EC Inflation to 5.9%

Compiled by Our Staff From Dispatches

LUXEMBOURG — Surging oil prices due to the Gulf crisis pushed year-on-year inflation in the European Community up to 5.9 percent last month, its highest in five years, the EC's statistics office Eurostat said on Friday.

Consumer prices rose by a provisional average of 0.6 percent in the 12-nation community last month, twice the increase seen in July, Eurostat said in a statement.

By comparison, inflation in the United States grew to 5.6 percent in August, after a 0.9 percent rise in the consumer price index. In Japan the provisional annual inflation rate was 2.9 percent.

Portugal saw the biggest monthly jump of the 12 EC countries. Prices rose 1.3 percent in August and annual inflation reached 12.7 percent.

Year-on-year inflation in Greece stood at 21.9 percent although its monthly price rise was only 0.6 percent.

Britain's price index rose 1.0 percent in the month and annual inflation was 10.6 percent. Denmark also showed a 1.0 percent price rise for August but its annual inflation was only 2.5 percent.

West Germany, where inflation rose just 0.3 percent, withstood the shock of increased oil prices best.

The escalation of oil prices means the average rise in inflation in the Community for the year to August, 5.9 percent, was the highest recorded since 1985.

The annual rates of inflation for the 12 member states now vary between 2.4 percent, in the Netherlands, and the nearly 22 percent, in Greece.

(Reuters, AP)

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NOTICE

Supreme Decree No. 19580 of the Government of the Republic of Bolivia, dated June 3, 1983, has declared void and unenforceable twenty-one Promissory Notes guaranteed by the Central Bank of Bolivia, issued on December 31, 1981, by the Bolivian Air Force to International Promotions and Ventures, Ltd. (IPVL). On September 4, 1985, Senior Judge Bernard Newman, of the United States Court of International Trade, ruled in favor of the Bolivian Air Force and the Central Bank of Bolivia, ordering the return of such Promissory Notes to the Bolivian Air Force. IPVL and its president, Mr. Bernard Larry Tractman, have not complied with this ruling. Therefore, the government of the Republic of Bolivia gives notice that it will take no responsibility for the payment of these Promissory Notes.

Persons with any information in connection with these Promissory Notes should contact Mitchell A. Karlan, Esq., Gibson, Dunn & Crutcher, 200 Park Avenue, New York, New York 10166-0193, telephone (212) 351-4000.

MARKET DIARY

'Triple-Witching' Saves Stocks Slide

United Press International

NEW YORK — Stocks closed broadly lower Friday in heavy trading tied to "triple-witching hour" expirations of stock-index futures and options and were also depressed by a further oil price surge and news of trouble at a major New York money-center bank.

N.Y. Stocks

The Dow Jones industrial average, which sank 39.11 points Thursday, fell another 5.94 to close at 2,512.38.

Among broader market ganges, the New York Stock Exchange composite index slipped 0.19 to 171.03 and Standard & Poor's 500-stock index eased 0.16 to 311.32. The price of an average share slid 3 cents.

Declines outpaced advances by about 3-1 on volume of 201 million shares, up sharply from 145 million shares on Thursday.

The quarterly "triple-witching hour" expirations of stock-index futures, options and options on individual stocks typically boost volume at the opening and close of trading, when the various instruments expire and investors offset those positions with trades in the stock market itself.

Analysts said that, against a backdrop of sharply higher oil prices, lower bond prices and news of 5,000 jobs cut at troubled Chase Manhattan Bank, buying tied to the expirations saved the market from sharp losses.

Oil prices surged as tensions and rhetoric in the Middle East heated up. November oil futures closed at $35.30 a barrel, as crude prices set their third record high this week trading on the New York Mercantile Exchange.

On the trading floor, Pepsico was the most active issue, down ½ to 22¼.

Among the other blue chips, AT&T rose ⅞ to 31⅛, IBM lost 1 to 106¾, American Express rose ⅜ to 22¾ and other oil companies gained in line with oil prices. Texaco added ¾ to 64¼ and Chevron gained 1 to 77⅞. Elsewhere, Chase tumbled 1 to 12¾.

Prices were lower in moderate trading on the American Stock Exchange. The Amex Market Value index fell 1.17 to 316.01.

■ Europe Stocks Rebound

European stock markets rebounded from sharp early losses on Friday, Reuters reported. In London the Financial Times-100 share index fell 2 percent in early trading before bouncing back to finish 8.6 points higher a 2,025.5. In Frankfurt, the DAX index dropped 3.2 percent at the opening but finished only 10.94 points lower at 1,446.57.

POUND: *U.K. Currency Plunges*

(Continued from first finance page)

August, more than three times the West German inflation rate.

Mr. Major issued a statement in response to the pound's plunge, saying he and Mrs. Thatcher "have made clear that it is our policy to enter the ERM at the earliest sensible date."

Foreign Exchange

"We are not seeking delay, just awaiting the right circumstances," he added, referring to the government's conditions, stated in Madrid last year, that its inflation rate must approach the European norm before entry.

The statement gave a brief boost to the pound, but heavy intervention also was needed to steady the currency.

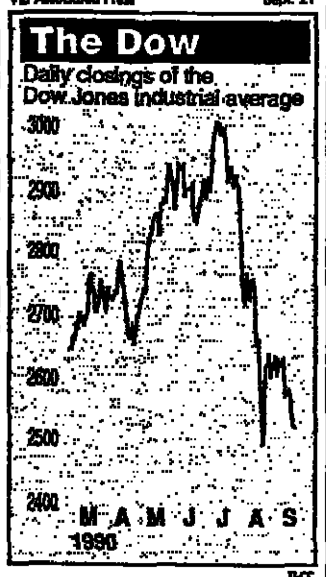
The Bank of England was reported buying pounds three times during the morning at around $1.8460 and $1.8400. The Bundesbank intervened at around $1.8435.

The pound fell back in New York to $1.8435, down from $1.8730 on Thursday.

The dollar declined to 1.5775 DM in London from 1.5796 Thursday, and to 136.70 yen from 136.99. Later in New York, the dollar rose to 1.5785 DM from 1.5770 Thursday, but fell to 136.65 yen from 137.65.

(Reuters, AFP)

Via Associated Press Sept. 21



IHT

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
PepsiC s	33343	23⅛	21⅞	22¼	— ½
GenEl	32065	56⅝	54⅝	55⅞	+ ⅝
Exxon	26209	51½	50½	51⅛	+ ⅛
Chase	25994	14⅛	12¾	12¾	—1
AT&T	24957	31⅜	30½	31⅛	+ ⅞
PhilMr	24273	45⅛	44½	44⅝	— ¼
Boeing s	23829	44¼	43	43¼	— ⅝
GnMotr	23574	36⅜	35⅝	36⅛	— ¼
Citicorp	22187	16⅜	15¼	15⅝	— ⅞
WalMt s	22169	27⅛	26	26½	+ ⅜
IBM	22102	107⅜	105½	106⅜	—1¼
Marriot	17570	13⅛	11	12⅜	—1⅛
Waste s	17084	34	33⅛	33½	+ ⅜
duPont s	16408	34⅝	34	34⅜	— ¼
CocaCl s	16268	39⅝	37¾	39⅛	+ ⅜

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
Hilhav n	5356	1½	1⅜	1½	
BAT In	4269	9⅝	9⅜	9⅜	— ⅛
Nichin s	2571	14	12¼	12¼	—1⅞
PW Nk pwt	3301	9¼	9	9	— ⅜
TwCty	3156	3¼	2⅝	2⅝	— ¾
ConfAir	2708	5⅛	5	5⅛	— ⅛
Amdhl	2679	12	11½	12	— ⅛
Dk Nk wt	2669	19⅝	19	19⅝	— ⅜
WangB	2661	3½	3⅜	3½	+ ⅛
SFT 393wt	2475	5⅝	5⅜	5½	— ¼
EchoBy	2447	13⅛	12⅝	12⅝	— ¼
SNk (93wt	2289	18⅝	18⅜	18⅝	— ⅝
EkaNk wt	2139	9¼	9	9	— ½
MetMB s	2026	9¼	8½	9⅛	— ⅛
DowC rt	1961	7⅛	6⅝	7	+ ¼

NYSE Diary

	Close	Prev.
Advanced	594	300
Declined	928	1258
Unchanged	472	427
Total Issues	1994	1985
New Highs	10	7
New Lows	266	248

Amex Diary

	Close	Prev.
Advanced	206	165
Declined	350	371
Unchanged	241	228
Total Issues	797	764
New Highs	5	12
New Lows	87	59

Previous NASDAQ Diary

	Close	Prev.
Advanced	498	870
Declined	1,312	936
Unchanged	2,442	2,446
Total Issues	4,252	4,252

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2514.11	2538.37	2479.95	2512.38	— 5.94
Trans	884.25	887.57	865.20	876.66	— 3.33
Util	201.71	202.84	199.32	201.71	+ 1.38
Comp	884.01	890.54	870.42	881.67	— 0.96

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	368.18	362.97	367.18	— 0.52
Transp.	224.20	219.89	222.87	— 0.34
Utilities	132.23	130.74	132.23	+ 1.49
Finance	22.09	21.58	21.76	— 0.25
SP 500	312.17	307.98	311.32	— 0.16
SP 100	297.47	293.19	296.80	+ 0.56

NYSE Indexes

	High	Low	Close	Ch'ge
Composite	171.47	169.94	171.03	— 0.19
Industrials	214.31	212.60	213.58	— 0.49
Transp.	136.71	135.10	136.09	— 0.40
Utilities	84.02	82.55	84.02	+ 0.78
Finance	116.12	114.78	115.02	— 1.03

NASDAQ Indexes

	Close	Ch'ge	Week Ago	Month Ago
Composite	362.25	— 2.18	374.42	367.33
Industrials	387.54	— 2.55	400.97	390.71
Finance	360.30	— 3.14	372.45	373.44
Insurance	429.78	— 2.09	435.29	436.92
Utilities	482.75	— 1.59	501.40	482.73
Banks	267.46	— 1.93	275.03	278.50
Transp.	399.27	+ 1.82	412.42	410.32

AMEX Stock Index

High	Low	Close	Ch'ge
317.32	315.12	316.01	— 1.17

Dow Jones Bond Averages

	Close	Ch'ge
20 Bonds	89.14	— 0.15
10 Utilities	90.49	+ 0.08
10 Industrials	87.80	— 0.38

Market Sales

NYSE 4 p.m. volume	201,058,080
NYSE prev. cons. close	174,763,070
Amex 4 p.m. volume	12,440,800
Amex prev. cons. close	12,390,000
NASDAQ 4 p.m. volume	124,287,700
NASDAQ prev. 4 p.m. volume	107,928,080
NYSE volume up	81,572,830
NYSE volume down	99,355,380
Amex volume up	3,093,720
Amex volume down	7,077,100
NASDAQ volume up	31,417,989
NASDAQ volume down	56,628,791

Dividends

Company	Per	Amt	Pay	Rec
USUAL				
BNH Bancshares	Q	.06	10-15	10-3
BeauticontrlCosmet	Q	.05	10-12	9-28
DCNY Corp	Q	.18	10-16	10-2
Excel Industries	Q	.10	10-22	10-5
Imperial Holly	Q	.10	10-9	10-1
Nat'l Service Indus	Q	.23½	10-10	10-1
Shared Medical Sys	Q	.21	10-15	9-30
SCOR US Corp	Q	.05	10-5	9-28
Wiley (J) Sons cl-A	Q	.27½	10-11	10-3
Wiley (J) Sons cl-B	Q	.24½	10-11	10-3

A-Annual; M-Monthly; Q-Quarterly; S-Semi-Annual

Source: UPI.

Currency Options

Sept. 21

PHILADELPHIA EXCHANGE

Option & Underlying	Strike Price	Calls—Last Sep	Oct	Dec	Puts—Last Sep	Oct	Dec
50,000 Australian Dollars-cents per unit.							
Dollr	84	r	0.58	r	r	r	
31,250 British Pounds-cents per unit.							
Pound	170	s	r	r	s	r	1.08
184.49	180	r	r	r	r	1.30	3.65
184.49	182½	r	3.15	r	r	2.17	5.10
184.49	185	r	2.60	3.75	r	3.19	6.45
184.49	187½	r	1.78	2.82	r	4.83	8.50
184.49	190	r	0.87	2.06	r	r	r
184.49	192½	r	0.46	1.55	r	r	r
184½	195	r	0.26	r	r	11.6	13⅜
31,250 British Pounds-European Style.							
184.49	175	s	r	r	s	r	2.08
50,000 Canadian Dollars-cents per unit.							
Dollr	83	r	r	r	r	r	0.15
86.73	84½	r	r	r	r	0.08	r
86.73	85	r	r	r	2.13	r	r
86.73	86	r	0.78	r	r	r	r
86.73	86½	r	r	r	r	0.58	r
86.73	87	r	0.22	r	r	r	1.45
86.73	87½	r	0.14	r	r	r	
50,000 Canadian Dollars-European Style.							
Dollar	84	r	r	r	1.70	r	
62,500 West German Marks-cents per unit.							
Mark	60	r	r	r	r	r	0.38
63.42	61	r	r	2.98	r	0.13	0.56
63.42	61½	s	r	r	s	0.21	r
63.42	62	r	r	r	r	0.31	0.78
63.42	63	r	r	1.69	r	0.61	r
63.42	63½	s	0.76	r	s	0.86	r
63.42	64	r	0.57	1.17	r	1.11	r
63.42	64½	s	0.40	r	s	r	r
63.42	66	r	0.15	0.58	r	r	r
63.42	67	r	r	0.37	r	r	r
63.42	68	r	r	0.26	r	r	
6.25 mil Yen-100ths of a cent per unit.							
Yen	66	r	r	r	r	r	0.07
73.08	68	r	r	r	r	r	0.17
73.08	69	r	r	4.35	r	r	r
73.08	70	r	r	r	r	0.12	r
73.08	70½	s	r	r	s	0.15	r
73.08	72	1.18	1.53	r	r	0.48	r
73.08	72½	s	r	r	s	0.67	r
73.08	73	r	r	1.60	r	0.82	1.76
73.08	73½	s	0.67	r	s	r	r
73.08	74	s	0.54	r	s	r	r
73.08	76	r	0.15	r	r	r	r
73.08	79	r	r	0.20	r	r	r
73.08	80	r	r	0.15	r	r	
62,500 Swiss Francs-cents per unit.							
Franc	65	s	s	10.7	s	s	r
75.83	74	r	r	r	r	0.42	1.22
75.83	75	r	1.55	r	r	r	r
75.83	76	r	1.16	r	r	1.18	2.04
75.83	77	r	0.66	1.43	r	r	r
75.83	78	r	0.41	1.10	r	r	r
75.83	79	r	r	0.89	r	r	r
75.83	80	r	0.16	0.68	r	r	r
75.83	84	s	r	0.16	s	r	

Total call vol. 14,054 — Call open int. 348,814
Total put vol. 14,130 — Put open int. 274,625
r—Not traded. s—No option offered.
Last is premium (purchase price).

N.Y.S.E. Odd-Lot Trading

	Buy	Sales	*Sh'rt
Sept. 20	365,651	583,954	57,198
Sept. 19	381,235	591,785	107,401
Sept. 18	448,632	556,598	114,062
Sept. 17	310,515	489,047	71,314
Sept. 14	336,415	567,806	176,920

*Included in the sales figures

Spot Commodities

Commodity	Today	Prev.
Aluminum, lb	0.87	0.84
Coffee, lb	0.865	0.865
Copper electrolytic, lb	1.39	1.39
Iron FOB, ton	213.00	213.00
Lead, lb	0.58	0.58
Silver, troy oz	4.81	4.785
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	117.00	117.00
Tin, lb	3.7801	3.7862
Zinc, lb	0.7395	0.7395

European Commodities

	Close Bid	Close Ask	High	Low	Previous Bid	Previous Ask
LONDON SUGAR U.S. Dollars per metric ton						
Oct	248.40	249.40	254.20	247.20	254.20	254.40
Dec	236.20	232.00	247.00	240.00	235.00	240.00
Mar	234.40	234.80	238.00	232.00	237.40	237.80
May	234.40	235.00	238.00	224.00	237.40	238.20
Aug	237.40	238.00	240.00	238.00	239.40	240.00
Oct	235.80	239.80	237.00	227.40	237.40	238.40
Dec	230.00	243.00	240.00	240.00	238.00	245.00
Volume: 2,713 lots of 50 tons.						
LONDON COCOA Sterling per metric ton						
Sep	707	712	713	707	700	703
Dec	744	745	758	740	736	737
Mar	779	780	784	777	770	771
May	802	803	806	801	791	795
Jul	823	824	827	823	811	812
Sep	843	845	848	844	831	833
Dec	864	867	871	868	848	858
Volume: 1,583 lots of 10 tons.						
LONDON COFFEE Sterling per metric ton						
Sep	580	583	588	579	582	586
Nov	609	610	618	599	597	598
Jan	622	624	624	617	613	614
Mar	613	615	616	607	605	607
May	624	625	625	617	615	616
Jul	635	638	640	634	627	629
Sep	640	649	654	654	635	642
Volume: 3,699 lots of 5 tons.						
LONDON GASOIL U.S. dollars per metric ton						
Oct	305.25	305.50	306.50	275.00	286.00	286.25
Nov	300.00	300.50	301.00	273.50	283.50	284.00
Dec	297.50	298.00	298.00	280.00	281.00	282.00
Jan	290.00	291.00	291.00	284.50	273.50	274.50
Feb	280.00	—	280.00	275.50	263.00	264.50
Mar	266.00	—	266.00	264.00	252.00	254.00
Apl	255.25	—	255.00	254.00	240.00	—
May	—	253.00	N.T.	N.T.	236.00	240.00
Jun	—	—	N.T.	N.T.	236.00	—
Volume: 12,844 lots of 100 tons.						

PARIS SUGAR French francs per metric ton	High	Low	Close Bid	Ask	Ch'ge
Dec	1,638	1,600	1,609	1,612	— 19
Mar	1,649	1,615	1,615	1,620	— 28
May	N.T.	N.T.	1,618	1,625	— 32
Aug	N.T.	N.T.	1,660	1,680	— 25
Oct	N.T.	N.T.	1,635	1,650	— 28

Est. vol.: 218 lots of 50 tons. Prev. actual sales: 191 lots. Open interest: 16,141.

Sources: Paris Bourse du Commerce, London Petroleum Exchange, Reuters.

London Metals

	Close Bid	Close Ask	Previous Bid	Previous Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	2225.00	2230.00	2217.00	2219.00
Forward	2095.00	2098.00	2093.00	2098.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1575.00	1580.00	1593.00	1595.00
Forward	1507.00	1508.00	1518.00	1519.00
LEAD Sterling per metric ton				
Spot	441.00	443.00	445.00	446.00
Forward	452.00	453.00	454.00	455.00
NICKEL Dollars per metric ton				
Spot	9800.00	9850.00	10475.00	10500.00
Forward	9650.00	9675.00	10300.00	10325.00
TIN Dollars per metric ton				
Spot	5805.00	5825.00	5780.00	5800.00
Forward	5920.00	5940.00	5920.00	5940.00
ZINC (Special High Grade) Dollars per metric ton				
Spot	1480.00	1485.00	1550.00	1532.00
Forward	1417.00	1418.00	1437.00	1440.00

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U.S./AT THE CLOSE

Midatlantic Expects 3d Quarter Loss

EDISON, New Jersey (Reuters) — Midlantic Corp. said Friday it expected a third-quarter loss of from $150 million to $160 million, or $3.96 to $4.22 a share, because of an increase in nonperforming assets.

The bank holding company estimated nonperforming loans at $1.22 billion for the third quarter, compared with $924 million in the second quarter. It said that due to the anticipated loss it said it was reducing its quarterly dividend to 25 cents from 47 cents.

NYSE Seeks to Curb 3d-Friday Trade

NEW YORK (Reuters) — The New York Stock Exchange said it Friday was proposing to the Securities and Exchange Commission a rule that would allow specialists to fill only a portion of the monthly expiration orders for a stock when stock index futures and options expire.

The rule is aimed at reducing volatility from heavy trading during the third Friday of each month, when stock options and stock-index futures and options expire. It also takes aim at afternoon expirations, which pressure floor specialists at the close.

Accord May End Ford Canada Strike

TORONTO (AP) - Canadian Auto Workers union negotiators and Ford of Canada reached agreement Friday on a new three-year contract that could end a strike by 12,800 workers at nine Canadian plants.

A ratification vote is to be held Sunday. The agreement was reported to include a 3 percent raise in the first year, 3 percent lump-sum payments in the next two years, and retention of a requirement that GM hire one worker for every two who quit, retire or die before retirement.

Aon Withdraws Its Bid for Corroon

CHICAGO (Reuters) - Aon Corp. said Friday it had withdrawn a $40 per share bid for Corroon and Black Corp. at Corroon's request.

A spokesman for Corroon said the company's board had decided instead to proceed with a merger with Willis Faber of Britain. Aon had assured Corroon that it would not attempt a hostile takeover if its offer, worth $840 million, was rejected.

Pathé Bid For MGM/UA: Last Down Payment Made

United Press International

LOS ANGELES — Pathé Communications Inc. has made its final $50 million down payment for MGM/UA Communications in a move that may undercut widespread industry skepticism that it can complete the $1.3 billion deal.

The down payment, made late Thursday, means that Pathé, controlled by the Italian financier Giancarlo Parretti, has made $353 million in cash payments for the studio since announcing the deal last March.

An entertainment industry analyst, Jeff Logsdon of Seidler Amdec Securities of Los Angeles, said it was still unclear where Pathé would get the financing for the rest of the deal, due to close Oct. 23.

Pathé had obtained a $650 million loan from Time Warner last spring, but that agreement collapsed in June and both sides subsequently sued each other.

Pathé also restructured the deal, sweetening the price and agreeing to distribute $253 million of its down payments to shareholders. The other $100 million remains in an escrow account. Pathé has also pledged $75 million in box-office revenues from three films toward the deal.

MGM/UA shareholders will meet on Oct. 2 in Beverly Hills to approve the deal, but that is expected to be a formality. The financier Kirk Kerkorian, who holds more than 80 percent of the shares, has been trying to sell the studio for the past two years.

OIL: *At Record $35, Prices May Stay There as Jitters Hit a Tense Market*

(Continued from page 1)

yet for governments to begin using strategic oil stocks because of the Gulf crisis.

There was no physical shortage of crude oil or products, although the product market was tight, an agency spokesman said.

Before Iraq invaded Kuwait on Aug. 2, oil stocks in the West were at high levels — equivalent to 99 days supply as of Aug. 1.

The Friday morning rise, amid heavy volume, became the latest in a series of records that oil has been setting throughout the week. It had first risen above $33 a barrel on Monday and surpassed $34 on Thursday.

Before this week's activity, the high futures price of $32.35 a barrel had stood since 1983.

Crude's ability to maintain those high levels gave traders a sense that oil had entered an elevated pricing range and would remain there.

"Every sign is very bullish," said Ed Kevelson, a trader at Dean Witter Reynolds Inc. "Any time you've got a big move with big volume, you can't ignore that."

The Shearson analyst said $32.35 a barrel had once been viewed as a ceiling for oil futures, but now it was being regarded as a possible base.

Refined products also jumped wildly Friday morning.

Unleaded gasoline led the way, rising 5.46 cents, to 97 cents, a gallon for October contracts, as traders responded to news of refinery problems.

Home heating oil was up 4.24 cents, to 96.10 cents, a gallon for October contracts, as the heating season approaches and demand increases. High demand in Europe has also helped bolster heating oil prices.

Natural gas was up 1.4 cents, to $1.86, per 1,000 cubic feet on November contracts.

(AP, Reuters)

WORLD STOCK MARKETS

Agence France Presse Sept. 21

Amsterdam	Close	Prev.
ABN Bank	32.90	33.40
ACF Holding	34	33.80
Aegon	113.90	113.60
Ahold	128.40	127.50
Akzo	91.90	93
AMEV	47.90	47.60
A'Dam Rubber	4.45	4.35
Amro Bank	64.90	N.Q.
Bols	177	179.60
[illegible]		

Frankfurt (cont.)	Close	Prev.
Thyssen	194	195.20
Varta	289.50	297
Veba	304	310.50
VEW	222	225
Viag	338	342.50
Volkswagen	393	398
Wella	689.50	712

DAX Index : 1446.57
Previous : 1457.31
FAZ Index : 411.82
Previous : 427.79

London (cont.)	Close	Prev.
Glaxo	7.40	7.15
Grand Met	5.30	5.32
Gt Univ Stores	13.38	13.50
GRE	1.71	1.74
Guinness	6.75	6.70
Hanson Tr	1.90	1.86
Hawker Sidd	4.02	3.95
ICI	8.37	8.18
Kingfisher	3.22	3.20
Land Sec	4.68	4.59
Legal Gen Grp	3.69	3.64
[illegible]		

Toronto (cont.)	Close	Prev.
Quebec Tel	14⅛	14⅛
Quebecor A	N.Q.	17
Quebecor B	10⅛	10⅛
Videotron	9⅜	9⅜

Industrials Index : 1317.95
Previous : 1323.50

Stockholm (cont.)	Close	Prev.
Stora	258	256
Trelleborg B	130	134
Volvo	312	313

Affaersvaerlden : 1007.60
Previous : [illegible]

Toronto	Close	Prev.
BCED	0.15	0.15
Bk Nova Scotia	12⅝	12⅝
BC Gas	15	15
BC Phone	16⅞	17
BP Canada	20¼	19¾
Bramalea	6¼	5½
Brunswick	8⅝	8½
CAE	5¼	5⅝
Campeau	1	0.97
CIBC	23½	23⅝
Canadian Pacific	18¼	18½
[illegible]		

Amsterdam, Brussels, Frankfurt, Helsinki, Hong Kong, Johannesburg, London, Madrid, Milan, Montreal, Paris, Sao Paulo, Singapore, Stockholm, Sydney, Tokyo, Toronto, Zurich: [illegible]

U.S. FUTURES

Via Associated Press Sept. 21

Season High | Season Low | Open | High | Low | Close | Chg.

Grains: WHEAT (CBT), CORN (CBT), SOYBEANS (CBT), SOYBEAN MEAL (CBT), SOYBEAN OIL (CBT) — [illegible]

Livestock: CATTLE (CME), FEEDER CATTLE (CME), HOGS (CME), PORK BELLIES (CME) — [illegible]

Food: COFFEE C (NYCSCE), SUGARWORLD 11 (NYCSCE), COCOA (NYCSCE), ORANGE JUICE (NYCE) — [illegible]

Metals: HI GRADE COPPER (COMEX), ALUMINUM (COMEX), SILVER (COMEX), PLATINUM (NYMEX), PALLADIUM (NYMEX), GOLD (COMEX) — [illegible]

Financial: US T. BILLS (IMM), 10 YR. TREASURY (CBT), US TREASURY BONDS (CBT), MUNICIPAL BONDS (CBT), EURODOLLARS (IMM) — [illegible]

Season High	Season Low		Open	High	Low	Close	Chg.
91.00	90.34	Mar	90.42	90.45	90.42	90.42	—.05
90.97	90.41	Jun	90.56	90.59	90.55	90.56	—.05
90.59	90.58	Sep	90.52	90.55	90.52	90.52	—.05

Est. Sales Prev. Sales 104,375
Prev. Day Open Int. 630,500 off 2,635

BRITISH POUND (IMM), CANADIAN DOLLAR (IMM), GERMAN MARK (IMM), JAPANESE YEN (IMM), SWISS FRANC (IMM) — [illegible]

Industrials: LUMBER (CME), COTTON 2 (NYCE), HEATING OIL (NYMEX), CRUDE OIL (NYMEX) — [illegible]

Stock Indexes: SP COMP. INDEX (CME), VALUE LINE (KCBT), NYSE COMP. INDEX (NYFE) — [illegible]

Commodity Indexes

	Close	Previous
Moody's	[illegible]	[illegible]
Reuters	[illegible]	[illegible]
D.J. Futures	[illegible]	[illegible]
Com. Research	[illegible]	[illegible]

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYMEX:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

هكذا من الأصل

Michelin Reports Loss in Half

Reuters

PARIS — Michelin & Co., the world's biggest tire maker, reported a net loss of 363 million francs ($69 million) in the first half Friday and said negative pressures were continuing in the second half.

The company said it was intensifying efforts to cut costs, inventories and production to meet sluggish market conditions. The cost-cutting will weigh heavily on this year's results but are necessary if the company is to return to profitability in 1991, it said.

The figures were in line with a forecast in June by Chairman François Michelin that the company would post a loss for the year.

They also were further evidence of the tough competition in the tire market that has caused losses for most major world manufacturers and prompted Pirelli SpA to seek to merge its tire interests with those of Continental AG.

Michelin's loss compared with a net profit of 1.46 billion francs in the first half of 1989. Sales fell 4.4 percent to 27.22 billion francs from 28.47 billion, which the company blamed mainly on currency changes.

The loss includes a restructuring provision of 350 million francs to cover layoffs. The company in June said it would cut 2,260 jobs at its main plant and headquarters at Clermont-Ferrand, France.

"The trends observed during the first half will continue to have a negative impact on second half results," the company said in a statement. "These will further be affected by the cost of measures taken by the firm to adapt to market conditions by reducing production, stocks and general costs."

The company's operating profit plunged 39 percent to 1.61 billion francs from 2.65 billion.

The figures did not include results for Uniroyal Goodrich Tire Co. Michelin completed its $1.5 billion deal to acquire Uniroyal Goodrich on May 2.

The acquisition contributed to a deterioration in Michelin's investment results. Investment income dropped 22 percent to 1.19 billion francs while financing charges rose 14 percent to 2.25 billion.

After those charges, the company's pretax profit fell 75 percent to 548 million francs from 2.19 billion.

Excess capacity and a global fight for market share have taken a toll on all the major tire makers.

Goodyear Tire & Rubber Co., which ranks behind Michelin, reported a $9 million loss in the second quarter and has predicted a third-quarter loss of $65 million. Pirelli Tire Holding NV, the Italian company's tire subsidiary, reported a 60 percent drop in first-half profit recently before disclosing its overture to Continental, where profit fell 39 percent.

Essilor Says Net Fell, Predicts Full-Year Drop

Reuters

PARIS — Essilor International SA, the lensmaker, said Friday that its earnings fell 20 percent in the first half and would be down for the full year as well. In June, the company had predicted earnings for the year would rise, by less than 10 percent.

Attributable net profit fell to 128.2 million francs ($24.3 million) in the half from 160.6 million francs a year earlier. The company blamed a slowdown in sales of high value-added products. Total revenue rose 8 percent to 2.54 billion francs.

AB Electrolux Wants to Sell Services Unit

Reuters

STOCKHOLM — The Swedish white goods maker AB Electrolux said Friday it wanted to sell its commercial services business unit, which had a 1989 annual turnover of 3.9 billion kronor ($670 million).

Electrolux said in a statement that the unit included its environmental and laundry services and its goods protection product lines. The units had a 1989 profit of 260 million kronor.

Anders Scharp, chief executive officer of Electrolux, said the planned sale reflected the company's strategy of concentrating mainly on its core business.

The company announced earlier this month it would divest noncompetitive units and shed 15,000 staff as part of a restructuring program to reverse the recent trend toward falling profits.

Goodman Offers Assets To Bolster Rescue Bid

Reuters

DUBLIN — Larry Goodman, the Irish "beef baron," has offered 75 million punts ($127 million) of personal assets to keep Europe's biggest but heavily indebted beef company afloat during the peak cattle-slaughtering season.

Goodman International, its Middle East business hit hard by the Gulf crisis, owes 460 million punts (782 million dollars) to 33 banks around the world. A court-appointed examiner has been called in to look at the company's financial position.

The banks, in Ireland, Britain, France, Germany, the Netherlands, Switzerland, Japan and the United States, were reluctant to extend an extra 30 million punts in working capital to Mr. Goodman until he agreed to put more of his assets up front.

Four of them — the Dutch banks Amro and Algemene Bank Nederland, France's Banque Indosuez and the German Commerzbank AG — asked on Thursday for the examiner to be given control of Lichtenstein-registered Cork Company Ltd.

This is a holding company for 51 companies personally controlled by Mr. Goodman for his property assets and investments, including a 13 percent stake in the British-based commodities and sugar conglomerate Berisford International PLC.

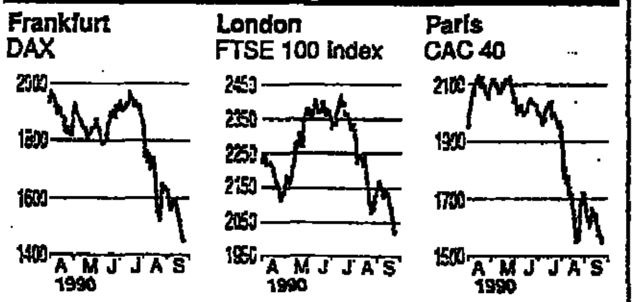
A spokesman for privately owned Goodman International said the Irish entrepreneur had already decided on Tuesday to make the Cork companies available to Goodman International and put under the examiner.

Expressing irritation at the move by the four banks, a source close to the group said on Friday: "It is a bit annoying. The process is already in hand."

The examiner, Peter Fitzpatrick, has been given until Oct. 10 to report on the affairs of Goodman International.

Mr. Fitzpatrick is expected to meet the banks again on Monday, hoping to be able to finalize a fresh injection of capital that would tide Goodman over the crucial October-November season.

Investor's Europe



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	CBS Trend	97.40	98.00	-0.61
Brussels	Stock Index	5113.75	5211.19	-1.87
Frankfurt	DAX	1446.57	1457.51	-0.75
Frankfurt	FAZ	611.02	627.79	-2.67
Helsinki	UNITAS	439.70	444.10	-0.99
London	Financial Times 30	1537.30	1531.10	+0.40
London	FTSE 100	2025.50	2016.90	+0.43
Madrid	General Index	221.20	224.14	-1.31
Milan	MIB	828.50	831.90	-0.41
Paris	CAC 40	1543.53	1570.28	-1.70
Stockholm	Affarsvarlden	1009.60	1030.80	-2.06
Vienna	Stock Index	505.15	521.20	-3.08
Zurich	SBS	543.50	546.50	-0.55

Sources: Reuters, AFP — International Herald Tribune

Olivetti Half-Year Profit Is Expected to Tumble

Reuters

MILAN — Olivetti SpA, the Italian computer company, is likely to report sharply lower first-half profit next week, analysts said Friday.

Angela Dean, computer analyst at Morgan Stanley & Co., said she expected Olivetti to post pretax profit of about 60 billion lire ($51.3 million) for the first half, down from 102.6 billion in the year-earlier period.

Analysts said Olivetti, like other companies in the industry, was confronting slack demand for computers and margins that are being squeezed. The lira's strength during the first half was likely to have a negative impact on the company's bottom line, they added.

Olivetti's managing director, Vittorio Cassoni, has said in recent press reports that revenue rose about 6 percent during the first half of the year.

Ms. Dean said full-year profit was likely to fall to 165 billion lire from 202.8 billion in 1989.

"Theoretically the second half should be better," she said. "The problem is that if you miss the volumes which you are shooting for, it has a nasty effect on the bottom line."

Bill Coleman, an analyst at James Capel & Co. in London, said he did not see how Olivetti could reach its target of stable earnings for the full year. "I can't see how they can show flat earnings unless they have some exceptional items, and they are not in the business of selling assets."

Mr. Coleman said that he expected Olivetti's full-year 1990 earnings to decline to between 160 billion and 170 billion lire.

Ian Macleod, telecommunications analyst for County NatWest, was more pessimistic. He said he expected a "fairly small operating profit" for the first half. Olivetti reported first-half 1989 operating profit of 156.4 billion, up 2.6 percent from the corresponding 1988 period.

Mr. Coleman said the company ultimately needs to find a partner if it wants to return to healthy profit growth, although Mr. Cassoni stressed recently that the group is better positioned than most of its competitors to operate on its own.

"It probably can go it alone, but it will have to sacrifice profit growth to achieve its goals," Mr. Coleman said. "I don't see how profits can grow if it wants to go it alone. There are certainly other companies in Europe who could benefit from an association with Olivetti," he added.

Olivetti was talking to Philips NV last spring, but the two sides ended the discussions.

The French industry minister, Roger Fauroux, said Monday that he favored a European alliance for Compagnie des Machines Bull and that only two companies were big enough to link up with the French state-owned computer company — Olivetti and Siemens AG.

But Mr. Coleman said a tie-up linking Bull and Olivetti probably would run into European Community regulatory approval problems, given the two groups' sizes.

Pizza Hut's Moscow Reception Grows Cold

United Press International

MOSCOW — A dispute over jurisdiction between two local government bodies has closed one of the two Pizza Hut restaurants that opened with great fanfare in Moscow 10 days ago, a restaurant spokesman said Friday.

"We apologize to our customers for the temporary closure by the Soviet authorities of our restaurant," said a sign posted on the door of the flagship Moscow Pizza Hut on Kutuzovsky Prospect about a mile from the Kremlin.

Andrew Rafalat, the deputy general director of the joint venture running the Soviet Pizza Huts, said the restaurant was closed by officials from the Kievsky regional council in a jurisdictional dispute with the Moscow city council.

Mr. Rafalat said he could not disclose the specific reason given for the shutdown, which was ordered with one hour's notice Thursday. He said he hoped to reopen Tuesday next week.

"It's a difference of jurisdiction that they are resolving," he said. "We are keeping the restaurant closed until they can get it straightened out."

There have been increasing numbers of disputes about jurisdiction over business in the Soviet Union as the country moves toward major economic reforms. Western businessmen have complained that they often do not know who is in charge amid the disputes between the central government and the republics, between the republics and autonomous regions and cities and between cities and city districts.

The location of the Pizza Hut falls under the jurisdiction of the Moscow city council, which is the Soviet partner with Pizza Hut owner Pepsico Inc. in the joint venture, but it also is within the smaller Kievsky region that has its own council seeking to exert control.

The second Pizza Hut, in a different region of Moscow, was not affected by the shutdown.

NYSE

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Chg
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PLAN: *Soviet Free-Market Program Promises Much*

(Continued from first finance page)

the end of the 500 days, businesses would be denationalized and the prices for 70 to 80 percent of output would be deregulated.

Bloated industrial enterprises would no doubt need to shed millions of employees, the plan's advocates concede. But many of the unemployed, they expect, would find work in rapidly growing service businesses.

A fully private banking system would be ruled by a central monetary authority modeled after the U.S. Federal Reserve Board.

Foreign currency would be auctioned to the highest bidder. Antitrust laws would prevent newly independent giant enterprises from charging monopoly prices. Residence permits would be abolished, giving Soviet citizens the right to work and live where they choose.

The Shatalin rescue plan was commissioned by Mr. Gorbachev after Premier Nikolai Ryzhkov had offended practically everyone by calling for a slow transition to free markets only after consumer purchasing power had been tamed by an immediate tripling of food prices.

But Mr. Gorbachev's own efforts at economic reform lie in tatters. *Perestroika*, in the words of Nick Eberstadt of the American Enterprise Institute, has been shown to be "nakedly bad economics."

Mr. Hewett of the Brookings Institution is more specific. Perestroika, he explains, weakened the old-boy network of party bosses, managers and planning bureaucrats who owed allegiance to Moscow.

But no practical alternative, no hidden hand of free markets, was put in place to keep the sprawling Soviet economy on track.

Indeed, the system now seems on the verge of total breakdown, with Soviet cities facing food shortages, even as part of the record grain harvest rots in the fields.

According to PlanEcon, a Washington consulting firm, Soviet output is now declining by about 3 percent a year. But falling production, Ms. Desai points out, is only one ingredient in a recipe for chaos.

Soviet enterprises, no longer disciplined by central authority, have been raising wages to pacify employees. As a consequence, Ms. Desai says, far too many rubles are chasing too few goods.

The current 10 percent inflation strikes at the legitimacy of a regime that long boasted of perfect price stability. Worse, it threatens to explode into hyperinflation as panicky consumers rush to convert soft money into hard goods.

The present troubles of the Soviet economy serve to underline the challenge facing the Shatalin plan. Moreover, the program could be hampered by the lack of hard data on which to project everything from the book value of government-owned limousines to the potential savings from cutting aid to Cuba.

Much of this information has not been tabulated. And much of what does exist has apparently been hidden: Mr. Shatalin has complained that the central ministries, which would be abolished under a radical reform, have withheld critical data from his team.

Others worry about the plan's shifting of economic power from ministries in Moscow to bureaucrats in the 15 republics. Mr. Eberstadt says that the richer republics, including Russia and the Baltic states, will refuse to subsidize development in poorer regions.

"I expect a noticeable drop in living standards in Central Asia," he said.

Mr. Ericson demurs, arguing that the republics that now benefit from Moscow's largesse will be more than compensated by the right to set their own budget priorities and avoid environmentally ruinous construction projects.

He is concerned, however, that the central government will be unable to raise the money to carry out the minimal functions of a national government. "I don't think it is realistic to devolve the power to tax," he said.

To Mr. Hewett, however, this "unrealistic" devolution of power may prove the plan's only memorable feature.

BANKS: *Fed Ends Depression-Era Ban on Securities*

(Continued from first finance page)

securities dealers still suspect that the bank affiliates will have an unfair advantage in the securities business.

Their related banks have access to cheap financing from the Federal Reserve and client lists ranging from small entrepreneurs to the largest multinational corporations.

The permission to trade and distribute new stock issues comes more than a year after the Federal Reserve granted large banks authority to underwrite corporate bonds and related debt securities.

Although no bank has yet challenged the dominance of the largest investment banking firms in the bond market, a few of them have been expanding their securities businesses rapidly at a time when profits on Wall Street have been weak.

J.P. Morgan Securities Inc., for example, has helped sell more than 30 corporate bond issues since the middle of last year, and was ranked ninth so far this year among all underwriters of corporate bonds.

About a dozen other American banks have securities affiliates that handle bonds, but have not applied for authority to buy and sell stocks.

Dennis Weatherstone, Morgan's chairman, said recently that gaining authority to handle corporate stocks was an essential part of its plans to reduce its reliance on the shrinking lending business and increase its activity as a deal maker.

In the past, he noted, Morgan could advise corporations about their financings, but has not been allowed to earn the additional fees and profits that securities firms can earn from distributing stocks or bonds.

The passage of Glass-Steagall split the House of Morgan into two unaffiliated firms, a banking company now known as J.P. Morgan & Co., which owns Morgan Guaranty Trust Co., and Morgan, Stanley & Co., one of Wall Street's most profitable securities firms.

Under the Federal Reserve's new rules, J.P. Morgan & Co. can now compete with Morgan Stanley. Executives at J.P. Morgan said Thursday that the new power would help develop the company's corporate finance business, but added that they would proceed cautiously because of the current weakness in the securities business.

Analysts noted that it was not an auspicious time for Morgan to be entering stock trading, since the Dow Jones industrial average has fallen 13 percent since Aug. 1.

But with about 800 employees, a capital base of $457 million and a long list of corporate clients, analysts said it was inevitable that J.P. Morgan Securities would become as prominent in stock offerings as it is now in the bond market.

Earnings at Wall Street firms this year suggest that the securities business is not lucrative enough to provide major relief to large banks who are looking for new lines of business as their traditional lending activity declines.

Securities firms lost $487 million in the first quarter of 1990, according to the Securities Industry Association, down sharply from profits of $1.8 billion in 1989 and $5.5 billion in the record year of 1986.

For many years, bankers have complained that they have been losing customers and profits to securities dealer and other nonbank financial firms.

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Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]										

NASDAQ

Friday's Prices

NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
g — dividend in Canadian funds, subject to 15% non-residence tax.
i — dividend declared after split-up or stock dividend.
j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xdis — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

Naphtha Price Rise Hits Petrochemicals

By Michael Richardson
International Herald Tribune

SINGAPORE — Rising prices for naphtha, the petroleum-based raw material of a wide range of plastics, are likely to dampen Asian demand for these plastics and cast doubts on the viability of extensive new petrochemical projects planned for the region, executives in the Asian petrochemical industry said Friday.

The price of naphtha has more than doubled from $170 a ton on Aug. 1, the day before the Iraqi invasion of Kuwait, to about $345 a ton.

"That makes it pretty tough for competitive production," said Jeffrey W. Dancer, managing director and general manager of Phillips Petroleum Chemicals Asia Pte., in an interview.

Toshio Kamitani, managing director of the Petrochemical Corp. of Singapore Pte., said that a number of plants in East Asia had recently reduced operations because of a naphtha shortage.

Naphtha is a vital raw material for making ethylene and other primary petrochemicals for plastics, styrene and synthetic fibers.

Analysts said that loss of naphtha from Kuwait and Iraq since the invasion, as well as diversion of the product from refineries in Saudi Arabia to make fuel for U.S. and other military forces defending the kingdom against possible attack, had exacerbated an already tight supply situation in East Asia.

"The basic problem is that the need to produce petrochemicals is growing faster than the ability to produce naphtha, particularly in Asia where there has been a great expansion of consumer economies," said Robert D. Longstaff, managing director of Minemet Australia Pty., a unit of the French industrial group Imetal.

At an international petrochemical conference that ended on Friday, Joseph P. Leonard, a director of Chem Systems Inc., a U.S. consulting firm, said that a "massive build-up" planned for the East Asian industry would add nearly five million tons of ethylene capacity a year by 1995, or about 12 percent of current world ethylene output of some 45 million tons a year.

Nearly all of this expansion is scheduled for South Korea, China, Thailand, Indonesia and Malaysia.

Mr. Leonard said that while some of the new petrochemical projects that had guaranteed supplies of local raw materials appeared to be soundly based, others that relied on imported high-cost raw materials might be canceled or delayed.

Among such new products, the Indonesian firm PT Chandra Asri has awarded a contract to Toyo Engineering Corp. of Japan and ABB Lummus Crest Inc. of the United States for construction of a $2.4 billion ethylene plant in Serang, West Java.

However, bankers said that a number of major projects in South Korea, China and Indonesia were unlikely to go ahead as planned.

East Asia imports about 20 percent of its annual consumption of 90 million tons of naphtha, mainly from the Middle East. Japan is by far the largest naphtha consumer, followed by China and South Korea.

Oil refineries compete for supplies with petrochemical companies because naphtha is also used for making, or blending into, gasoline.

Petrochemical companies in Asia have raised their product prices to try to cover part of the increase in costs. But profit margins have also been squeezed.

"Although we would like to pass on the price increases, the markets are not strong enough to bear it," said Jim Boots, business development specialist in the Singapore office of Chevron Chemical International Sales Inc.

"If Japanese petrochemical companies feel they cannot make profits out of ethylene from high-priced naphtha, they will cut production," said Yoshio Tokuhisa, planning director at Mitsubishi Petrochemical Co.

Mr. Leonard, of Chem Systems, said that higher petrochemical prices would lead to lower demand and greater competition from other products, particularly metal-based goods.

Mr. Dancer, of Phillips Petroleum Chemicals, said he was concerned that higher prices in the Far East would open the door for sales in the region by U.S. producers, who do not rely heavily on naphtha but instead use cheaper alternative raw materials.

HK Land Net Profit Rose 32% in Half

Compiled by Our Staff From Dispatches

HONG KONG — Hongkong Land Holdings Ltd., the colony's biggest commercial landlord, said Friday its net profit jumped 32 percent in the first half despite a modest softening in new rents.

Profit rose to 1.01 billion Hong Kong dollars ($130 million) or 39.8 cents a share in the six months ended June 30 from 767 million dollars or 30.1 cents a year earlier. The increase exceeded market expectations.

Chairman Simon Keswick reported a near-full tenancy for the company's office and retail spaces despite the sluggishness in business conditions generally since the Beijing massacre on June 4, 1989.

The company said that despite the decline in new rents in the latest period, the market rates at which it is renewing leases are still higher than rents charged under expired leases. Analysts said such rental reversions should continue to boost the company's profits at least through 1991.

"During the first half year, rentals for grade A property declined slightly over the previous year's levels," Mr. Keswick said, "but with actual average rentals below current market levels, the company is still benefitting from significant reversions upon lease renewals."

The company owns the bulk of the prime office space in Hong Kong's bustling Central business district.

"In 1989, Hongkong Land's average rental intake was 31 dollars a square foot," said Simon Chin, research director at Citicorp Scrimgeour Vickers. "Right now, office rents in Central are running at sixty to 70 dollars a square foot."

Hongkong Land is planning to put a 300,000-square-foot office and retail development on the market in late 1991. The project "will also realize good rentals but most people believe from 1993, Hong Kong will be facing an office oversupply situation," Mr. Chin said.

Hongkong Land said it had revalued its investment properties at $5.65 billion, down about 5 percent from what they were estimated to be worth at the end of 1989.

The results helped the company's shares and the Hang Seng index of blue chips retrace some of their losses in the afternoon.

"We weren't expecting anything this good from the half-year results and the market certainly wasn't either," said Ravi Narain, assistant research director at Peregrine Brokerage.

The blue-chip property company's ultimate parent is Jardine Matheson Holdings Ltd., which has an 18 percent stake. Jardine Matheson also owns 55 percent of Jardine Strategic Holdings Ltd., which in turn owns another 33 percent of Hongkong Land.

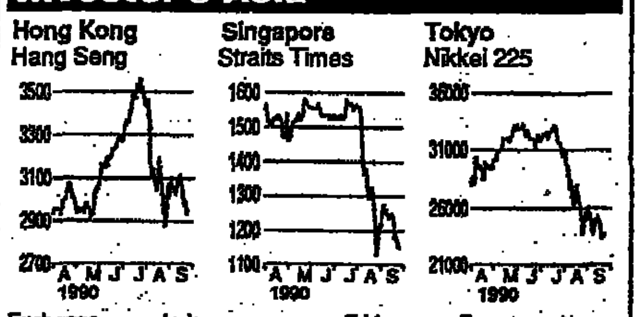
All three are constituents of the Hang Seng index. "I would be very surprised if we didn't see a recovery in at least those three counters, if not throughout the market," Mr. Narain said.

Hongkong Land closed at 7.75 dollars a share, down 5 cents from Thursday's close but up 15 cents from its early low.

The Hang Seng index ended more than 52 points lower at 2,931.86, having been down 63 points at midday.

(Reuters, AFP)

Investor's Asia



Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	2931.86	2984.54	-1.77
Singapore	Straits Times	1148.39	1166.28	-1.53
Sydney	All Ordinaries	1428.00	1446.40	-1.27
Tokyo	Nikkei 225	23777.83	23602.98	+0.74
Kuala Lumpur	Composite	507.24	518.58	-2.19
Bangkok	Book Club	557.47	566.08	-1.52
Seoul	Composite Stock	584.60	585.19	-0.10
Taipei	Weighted Price	3111.41	2956.72	+5.23
Manila	Composite	626.26	643.91	-2.74
Jakarta	Stock Index	500.39	500.69	-0.06
New Zealand	Barclays	1508.50	1534.76	-1.71
Bombay	National Index	695.83	681.27	+2.14

Sources: Reuters, AFP International Herald Tribune

Oil Boosts BHP Profit in Quarter

Compiled by Our Staff From Dispatches

MELBOURNE — Broken Hill Pty., Australia's largest company, said Friday that higher oil prices helped boost its after-tax profit by 18 percent in the three months ended Aug. 31.

The company said higher prices and volumes of petroleum sales, as well as for some minerals, more than offset a drop in profit on its steelmaking operations.

Profit after taxes rose to 321.1 million Australian dollars ($266 million) in the company's financial first quarter, compared with 272.6 million dollars a year earlier.

An extraordinary gain of 114 million dollars on the sale in June of a 30 percent stake in Woodside Petroleum Ltd. boosted net profit to 435.1 million dollars. There were no extraordinary items in the year-earlier period.

Sales rose 10.4 percent to 3.63 billion dollars from 3.29 billion.

BHP said the performance of all divisions was hit by a stronger Australian dollar, which averaged 79 U.S. cents during the quarter against 76 cents a year earlier.

However, the higher exchange rate, combined with lower Australian interest rates and lower debt, helped cut BHP's quarterly interest bill by 10 percent to 200.6 million dollars.

The company's after-tax profit on petroleum nearly trebled to 231.9 million dollars from 82.8 million a year earlier, including the gain from the Woodside sale.

Woodside operates the North West Shelf liquefied natural gas project. BHP retains a 10 percent stake in the company, as well as a one-sixth share in the export phase of the gas project.

Steel profit fell 22 percent to 114.8 million dollars. A 15 percent slide in domestic steel shipments was more than offset by a doubling of exports, but BHP said lower international steel prices hurt export margins.

Profit on minerals remained flat at 131.2 million dollars. Increased ownership of iron ore and Australian coal businesses and higher prices for the two products was offset by lower manganese shipments, the company's withdrawal from the aluminum business and the higher Australian dollar.

The company boosted its interim dividend 11.4 percent to 19.5 cents a share. The company's shares fell 10 cents to 11 dollars on a weaker Sydney market. *(Reuters, AFP)*

News Corp. Shares Hit By Restructuring Plan

Reuters

SYDNEY — News Corp. shares fell 85 cents to 9.60 Australian dollars ($7.95) a share Friday as investors reacted nervously to the company's announcement that it is planning to restructure its capital.

Analysts said the decline reflected fears of a new share offering, even though the company's announcement on Thursday ruled out a share issue.

Prices Ease in China And Demand Rises

Reuters

BEIJING — China's inflation rate fell in August to its lowest monthly level this year and sluggish consumer demand rose, official newspapers reported Friday.

The Economic Daily newspaper quoted State Statistical Bureau figures as saying prices in 35 cities had risen 2.7 percent in August compared with the corresponding month a year ago. That brought urban inflation to an average 3.3 percent for the first eight months of the year.

In addition, a slack consumer market that has driven industry to the brink of recession began to show more vigor.

Retail sales in August rose 1.9 percent from a year earlier, to 65.1 billion yuan ($13.82 billion). From January to August retail sales totaled 533.8 billion yuan, a fall of 1.1 percent.

"It is too early to tell if this expansion in demand is sustainable," said one Asian diplomat. "But it is an encouraging sign." The stronger market has in part been caused by a deluge of credit this year.

Most Chinese economists say state lending will far surpass 200 billion yuan this year, above 1989's level of around 180 billion yuan.

Looser credit will apply inflationary pressures but the nation's top economic research institute, the State Council Development Research Center, predicts that inflation can be kept within a peak rate of 14 percent this year, economists at the center said.

Pension-Fund Injection Set for Taiwan Market

Compiled by Our Staff From Dispatches

TAIPEI — In a new move to bolster the battered Taipei stock market, the Finance Ministry said Friday it would allow the government-managed labor pension fund to invest up 20 percent of its assets in stocks beginning Saturday or Monday.

Wang Rong Jou, director general of the ministry's Treasury Department, said that the pension fund had assets of about 43 billion Taiwan dollars ($1.6 billion), allowing investment of 8.6 billion. Employers are required contribute a percentage of employees' salaries into the fund monthly.

The 216-issue weighted price index for Taipei shares rose 154.69 points Friday following the announcement, but still closed down 10.06 per cent for the week. Share prices on the Taipei exchange have tumbled 75 percent since February.

Mr. Wang said the ministry would commission the state-owned Central Trust of China to be the proxy fund manager for the investments, which he said would be long-term.

Officials said that the Finance Ministry would also allow more brokerage houses to provide legal margin loans to local stock investors, accepting new applications for licenses by the end of this month.

Fuh Hwa Securities Finance Co., which is controlled by the governing Nationalist Party, is the only firm that now can can offer margin loans legally.

The new measures came after an urgent call for action from the Chinese National Federation of Industries.

"If the government does not rescue the stock market now, local companies will face financial troubles or even go bankrupt at the end of the year," said Hsu Sheng-fa, the chairman of the federation.

Last week, the government said that selected foreign institutional investors would soon be allowed to invest a total of $2.5 billion in the local market. *(Reuters, AFP)*

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International Herald Tribune

THE MONEY REPORT

FIRST COLUMN

A Question Of Pricing The Product

ONE of the great skills in selling any commodity is fixing the right price.

If the seller asks too little all the wrong signals are sent: The buyer may think the goods are defective, or that the seller is a charlatan or an incompetent, or both. Set the price too high, on the other hand, and you can price yourself out of the market.

But often a fat asking price connotes luxury in the consumer's mind. There will sometimes be an element of active connivance in the mind of the Rodeo Drive shopper who enjoys the vast, inflated expense as part of the thrill of consumption. If it adds a sense of luxury and exclusivity the victim is often all too happy to pay up, and conspire in the theory that the price becomes part of the product.

Financial services, however, are a long way from that kind of thinking. Be it a mutual fund, a life policy or a pension plan the consumer will often examine the charges in minute detail.

You will not, for example, find a mutual fund investor boasting about the front end charges paid on an investment. But the tone of mock horror to describe the $80 lobster salad starter — freely available in Parisian restaurants with stars in the *Guide Michelin* and a creative pricing policy — may be all too familiar to some readers.

THE simple point is that on luxury items consumers are happy to pay premiums of thousands of dollars. Unfortunately for financial services retailers, their products are not seen as luxury items.

The mutual resentment between consumer and provider over charges will not be eliminated until the providers can persuade consumers they are offering something valuable. That may come by producing good value, or it may come by clever marketing.

There is a perennial call for charges to be abolished and for retailers to make their money by charging for their time, as accountants and corporate attorneys do.

That day will not come until managers stop trying to pretend about charges and consumers decide their services are worth paying for.

Should Investors Go It Alone With Indexes?

By John J. Duffy

ARE professional money managers worth the fees they charge?

At a time when more and more investors are turning to professional help to protect them from the ravages of turbulent stock and bond markets worldwide, the answer appears to be no.

Whether viewed over the short or long-term, fund managers in most countries consistently perform no better than the major market indexes. Many do a lot worse. And all take fees or expenses off the top for their trouble.

"The idea that the individual investor cannot do as well as the pros is just 180 degrees off the mark," said Burton G. Malkiel, a professor at Princeton University and the author of the 1973 bestseller "A Random Walk Down Wall Street."

As evidence, Mr. Malkiel cites the fact that over the 16 years since "Random Walk" was first published, 70 percent of U.S. fund managers have failed to even match the performance of the Standard & Poor's 500 stock index.

The story is not much better in other major world markets. In London, fund managers have essentially tracked the Financial Times-All Share index over the past 10 years, while in Tokyo managers outperformed the Nikkei Dow index until the 1987 stock market collapse, but have underperformed since.

Mr. Malkiel, who is also a governor at the American Stock Exchange, cites the "efficient market" school of financial analysis to explain the phenomenon.

The efficient markets theory holds simply that all existing information about a company, or about the economy in which it operates, is already reflected in the company's stock price. What will move the stock is future developments, which by definition can not be known. Therefore share prices follow a random walk in which the past is of no help in discerning the future.

By this theory, the fact that some money managers are able to outperform the market over a given period is simply a function of the laws of probability — little else.

Thus "a blindfolded monkey throwing darts at a newspaper's financial pages could select a portfolio that would do just as well as one carefully selected by the experts," according to Mr. Malkiel.

Given this view, should individual investors venture out into world markets on their own? Most investment professionals still say the answer is no.

"The inability to truly diversify or to lower his costs makes it very difficult for the individual to match the efficiency of a fund," said Michael Lipper, president of Lipper Analytical Securities Corp., which tracks mutual fund performance.

Mr. Lipper argued that it is unfair to compare a fund manager's performance to an index like the S&P 500, simply because the index is not a fund. "The S&P has no expenses like brokerage commissions nor does it have to maintain a cash reserve to meet redemptions," he said.

A better way to judge the performance of an equity fund, Mr. Lipper said, is to compare it with the average performance of all equity funds. Thus while only 50.14 percent of the 750 funds Mr. Lipper tracks have managed to do better than the S&P 500 this year, the general equity fund average — showing a drop of 7.72 percent — has not been as severe as the roughly 10 percent fall of the S&P.

The solution to the question of going it alone or taking professional advice that is advocated by many experts is the unmanaged index fund. An index fund seeks simply to mimic the performance of a particular index, be it the U.S. S&P 500, the FT-100 index in London or the Nikkei 225 in Japan.

"If you look at a longer-term perspective, unmanaged index funds will probably beat three-quarters of all funds," said John Markese, research director at the American Association of Individual Investors.

Index funds have soared in popularity in recent years as investors have become more and more frustrated with the performance of money managers.

The amount invested by institutions in American index funds has climbed from only $9 billion in 1980 to more than $280 billion currently, about a quarter of all institutional holdings. The number of U.S. funds catering to individuals has grown from only one four years ago to more than 20 today.

The good thing about index funds is that most carry no load, or sales charge, and annual expenses tend to be low because the funds are not actively traded.

The obvious problem with index funds arises in times like the present when, because of the surge in oil prices following the Iraqi invasion of Kuwait, analysts say major markets around the world may be entering a bear phase. In a bear market, the investor in an index fund will simply be riding an index lower no matter how far it falls.

The other problem with index funds stems from their very popularity. Since most funds tend to mimic the same market index, the huge amounts of capital chasing the same limited number of stocks tends to make the index itself overpriced.

Because of this, many analysts recommend funds that match the performance of much-broader indexes such as the Wilshire 5000 or the Russel 2000 in the United States, rather than the S&P 500.

Indexers have launched a number of new products to counter the bear market problem. One is an index fund that is partly managed through the use of stock index options that are designed to rise as the market falls.

International index funds have also become extremely popular on the theory that not all markets are bound to fall at the same time. A number of these funds are based on subindexes of the Morgan Stanley Capital International index for Europe, Australia and the Far East, which is the major index for institutional investors.

For those investors who are inclined to trust the abilities of a professional manager, experts say that one type of fund that tend to perform better than the average in bear markets is the so-called asset allocation fund.

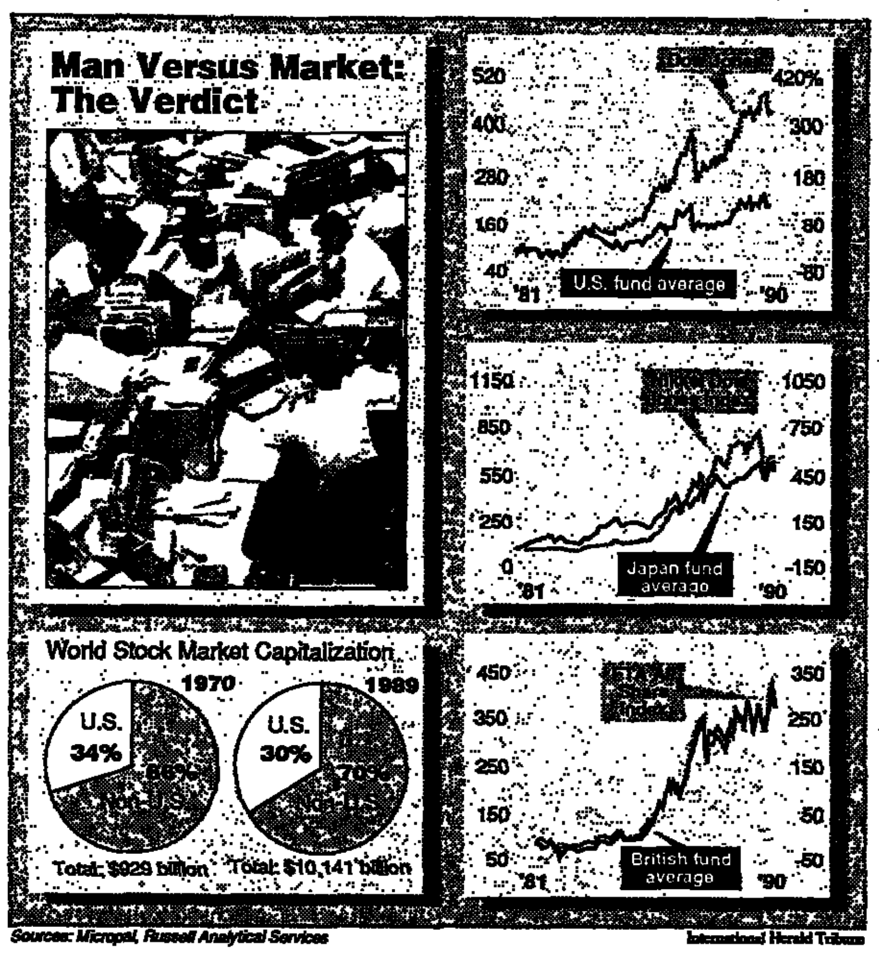
The theory behind asset allocation is that by spreading investments among stocks, bonds, Treasury bills, managed funds and index funds you are protected against sharp downdrafts in any one market.

Since managing so many different types of investments is difficult for most people, asset allocation funds give investors the opportunity to diversify into many markets while leaving the specific decisions to professionals.

The benefits of such diversification have been evident in the performances of U.S. funds this year. While general equity funds have fallen nearly 8 percent, asset allocation and related funds have lost less than 4 percent, according to Lipper Analytical.

Whatever type of fund an investor chooses, experts recommend following a number of rules.

- Pay close attention to fees and charges. Some funds are no-load, which means they charge an annual fee for expenses but carry no sales charge to get in. Some funds carry sales commissions as well that range up to a whopping 8.5 percent. If you buy a fund with an 8.5 percent load and a 2 percent charge for annual expenses, the fund has to provide a return of more than 10 percent just for you to break even. In general, experts say choose a no-load fund with annual expenses of 1 percent or less.
- When buying bond funds don't simply go for the highest yield. High yields can often mask shaky assets such as junk bonds. Look at a measure like total return, which is a combination of yield and capital gains and losses.
- When measuring a fund's performance, choose an appropriately long time frame. Any fund manager can look like a genius in a bull market. Its often more important how well he or she protects your assets in a bear market.
- In choosing an index fund, pay attention to what the particular index is. In general, the broader the index the more weight is going to be given to smaller companies.



Sources: Micropal, Russell Analytical Services

International Herald Tribune

BRIEFCASE

Grenfell Sets Europa Fund To Invest in Smaller Firms

Morgan Grenfell Unit Trust managers, a mutual fund concern ultimately owned by the giant German Deutsche Bank, is to launch a fund investing in European smaller companies.

The Europa fund will select stock based on reports from Deutsche Bank's network of financial analysts. Deutsche Bank has strong representation throughout Europe, with the exception of France.

Tony Fraber, managing director of Morgan Grenfell Unit Managers, said the fund's London-based manager would personally oversee research in French companies.

The fund will have no specific bias toward any one country. "It's the quality of the management and the market in which the company operates that count," said Mr. Fraber. "If all the best company opportunities are in Spain, or Italy, or Holland, that's where the money will go."

The fund is denominated in sterling and registered in Britain. Subscription checks in pounds are preferred, but any major currency is acceptable.

Charges are 5.5 percent initially (reduced by 1 percent if subscription occurs within the launch offer period up to Oct. 19) and 1.5 percent annually. Minimum investment is the equivalent of $1,900.

For more information, write Morgan Grenfell, 20 Finsbury Circus, London EC2M 1UT, or call London (44 71) 826 0123.

Amro's Pierson Mutual Fund Will Aim at the Environment

Europe's ecological movement is giving birth to a new mutual fund, the Environment Growth Fund, now being offered on the Amsterdam Stock Exchange by Pierson, the merchant banking arm of Holland's ABN Amro Holding.

The 50 to 100 million guilder vehicle will initially invest in pollution control, purification and waste management companies, but its longer term objective will also include groups that produce systems and products that are not harmful to the environment.

Shares in the fund are 50 guilders each until Sept. 26. New shares will be available after that date, but investors who buy them will be subject to a 1 percent stockmarket commission.

For more information, call (31 20) 521 1601 and ask for Simone Knip.

Apartment in Trump Tower Hits $1,071 a Square Foot

People have been saying for a while that residential real estate in New York just can't get any worse. Maybe they were right.

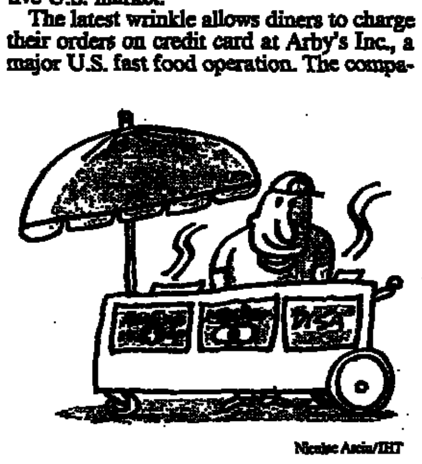
A recent report form realtors Ambrose-Mar Elia reveals the priciest transaction of the second quarter was a luxury apartment sale of $3.6 million, working out at $1,071 per square foot. The property is located at 721 Fifth Avenue, otherwise known as Trump Tower.

Other deals highlighted in the Luxury Condominium Sales Report price property at $954 per square foot (Trump Tower again) and $933 per square foot (Olympic Tower).

Arby's Fast Food Outlets First to Accept Credit Cards

McDonald's and Pizza Hut may be the only game in town in Moscow, but fast food restaurants have to come up with a better deal to win customers in the highly competitive U.S. market.

The latest wrinkle allows diners to charge their orders on credit card at Arby's Inc., a major U.S. fast food operation. The company will accept plastic at all of its 245 directly owned outlets, and plans to eventually offer charging at many of its 2,055 franchised restaurants.



Nicolae Asciu/IHT

Other fast food groups have been experimenting with credit cards, but Arby's is the first to take the plunge nationwide. Even with the possibility of slower service or getting stuck with bad charges, Arby's is hardly losing out. Diners who paid with cards instead of cash in test marketing spent 40-60 percent more.

U.S. Considering Sales Tax For Mail Order Purchases

Tax-free mail order sales in the U.S. may soon be a thing of the past, according to accountants Ernst & Young.

Mail order purchases often do not bear sales tax, which Ernst & Young says is "levied by a state on a sale occurring wholly within that state." So the mail order purchaser from out of state may not pay the tax.

But Ernst & Young point out that Federal legislation is currently being considered that may impose an equivalent to sales tax on mail order purchases. The Federal legislation may never be passed as law, but 34 states have already enacted their own legislation aimed at out-of-state mail order firms.

And some state tax administrators are exchanging sales audit information to help track down out-of-state purchasers.

Managing New Wealth

Private Banking Widens Its Services for the VIPs

By Barbara Rosen

SOME purveyors of what is called "private banking" boast that they'll even get a client's lawn mowed. Others don't want to call the gardeners, but they'll do it if the account is big enough.

At its most basic, private banking means personalized financial management for wealthy people.

"Real private banking clients, or real VIP clients, really rich people, are so rich that they think a lot about preserving their assets and making them grow," says Paul Hage, manager of international private banking for Générale Bank in Brussels.

Therefore, he says, a good private banker must be able to advise about and invest in stocks and bonds, but also must know about tax and estate laws, about buying real estate or putting money into art.

In a recent sampling of institutions offering private banking in Western Europe, the minimum ballpark figures quoted for top-of-the-line service ranged from about $200,000 to about $1.5 million. (J.P. Morgan requires $5 million.)

Most minimums, like the services offered in return, are variable. Mr. Hage says his bank ideally seeks top-flight clients who want their assets managed with discretion (letting the bank decide what to buy or sell) and whose accounts are worth at least about 50 million Belgian francs ($1.5 million.)

Private banking clients get checkbooks and credit cards like anyone else. But the bank will pay their bills.

> What varies is how much of the wish list the banker will grant.

What varies is how much of the wish list the banker will grant.

On the purely financial side, the bigger commercial banks in particular emphasize their in-house expertise and ability to manage an investment portfolio on a truly global scale.

MANY private banks will lend you money to buy securities or even a home. But in general, European private banks tend to favor preferred clients with better terms in things like stock trading or loans against their portfolios, rather than extending unsecured credit as in the United States, where it's often easier to determine a client's risk-worthiness.

Fees for services like securities trading typically are on a sliding scale, moving down as the account size moves goes up. Berliner Handels und Frankfurter (BHF) Bank in Frankfurt has no regular fees, says a spokesman: "It really depends on the size of the account."

At ANZ Grindlays Bank PLC in London, "at around about £1 million it becomes very negotiable," says Peter Hand, general manager for private banking.

Grindlays, bought by ANZ in 1984, has been in international private banking since 1828. Mr. Hand estimates that Grindlays has 25,000 private clients in London, Jersey and Geneva, the vast majority nonresidents.

In addition to more traditional banking services, Mr. Hand readily lists how Grindlays bankers will, for clients, buy art at auctions and dresses at Harrod's, and get children into Eton or Harrow.

They also will bail clients out of casinos, he said: "We go to various places at strange times of the night."

The line is drawn, he said, "where we think they're straying into the unethical or amoral." Clients have been known to ask bank representatives where to find a prostitute.

Other private banks also take care of certain personal tasks for clients, but don't talk about it much.

"We may do that but it's not written in our brochures," says Mr. Hage.

At Swiss Bank Corporation in Basel, a personal account officer would arrange accommodation for a client on an annual visit to Switzerland. "But he would not do your travel bookings on a regular basis," a bank officer said. "Everything obviously has certain limits. Your personal account officer is not your travel agency."

EVEN today, when just about anyone can enjoy the convenience of telephone money transfers and ATMs, private bankers say their business is growing. They note that the Gulf crisis has brought them Middle Eastern money in search of a safe haven, like Chinese money from Hong Kong.

In Germany, there has been a private-banking boom among young clients, some in their 30s, who have inherited money and don't know what to do with it, says the BHF spokesman.

But the main growth area, many bankers say, has been in new money coming to join the old inherited wealth, as entrepreneurs who built up their own businesses decide it's time to cash in.

"For the first time in their life they've got some real money," says John Glanville, senior manager U.K. for Lloyds Bank's private banking branch in London. He describes their outlook as: "We've made our pile. We want to make the best from it and we want some service for it."

Old-money types may turn up their noses at the new, but the bankers know how to appreciate.

"It's better to manage the new," says Claude Demole, a partner at Pictet & Cie. in Geneva, a private bank that has been in the same family for 185 years. "It's more interesting for the banker."

"They are not reluctant to go into more daring ventures," he said. "They are much more sophisticated."

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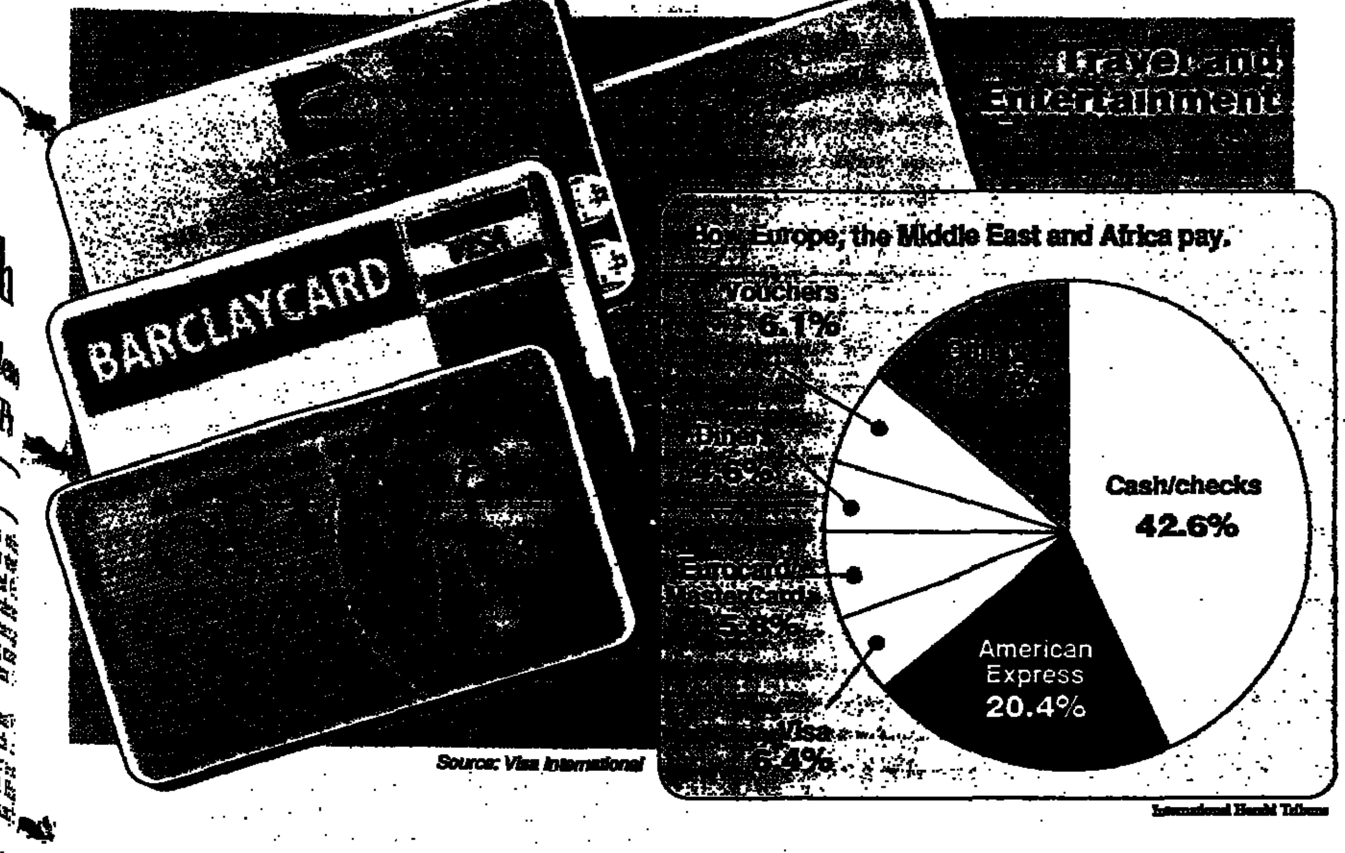


Source: Visa International

International Herald Tribune

T&E Spells Boom for Card Networks

By Sara McConnell

BUSINESS travel is no longer restricted to the board members and senior executives but has spread to middle management and below.

Companies are busy establishing networks of offices and contacts across Europe in preparation for the promised single market in 1992 and meetings are as likely to be held in Paris, Brussels or London as on home ground.

This increasing activity means companies are spending more on travel and entertainment (T&E) than they ever have before. Hotels, airfares, entertaining and car hire for employees traveling abroad last year added up to £22 billion in the U.K alone, according to a recent survey by American Express. Visa International estimates that Europe's total T&E is $150 billion. Managing travel expenses is becoming a complex part of companies' administration.

Traditionally, many companies have been reluctant to issue staff with company credit cards, fearing wild spending sprees at the company's expense or liability for card fraud.

Such perks as Gold American Express cards are often reserved for senior employees, while their juniors either use their own credit or charge cards and get reimbursed or are issued with cash and travelers checks.

But card networks have not been slow to recognize a growing and therefore lucrative market. Charge cards like Amex and Diners Club launched themselves primarily as corporate cards in the 1950s, successfuly playing on the corporate snobbery of senior employees by stressing the exclusivity of their gold cards.

More recently Visa and Eurocard (the European version of Mastercard) have stepped up their activities and are keen to persuade companies to extend the use of cards to more employees and help keep track of card expenditure with specially developed software. They point out that cash advances are inefficient because companies are paying out before the expense is incurred instead of waiting to receive the bill.

Richard Callen, head of product development at Visa International said: "Companies have tended to think of business cards as being only for senior managers. Fifty percent of all business expenses are still paid for by cash or check. But cards can help to control expenditure."

VISA launched its new Business Card to its member banks two months ago. The new card offers many of the core services businesses have come to expect from existing cards, such as travel delay insurance and emergency medical insurance as well as emergency cash advances, access to cashpoint machines and card replacement.

Visa has developed software called the Business Card Reporting System as the answer to companies' fears that they will not be able to control spending patterns, using software to track any unusual spending patterns.

So far Britain's Trustee Savings Bank (TSB) and Norway's Christiania Bank are the only two Visa members to announce Business card programs for their client.

"Companies have clamped down on the issuance of cash and they are looking at the difficulties of administering and updating card expenditure," said Alan Hare, manager of the TSB Business Card.

"Our advantage is that we can comply management reports across borders as one global company," said an Amex spokeswoman. "We can handle multinationals and cater for the increasing numbers of mergers and acquisitions in Europe."

Nick Clibborn, director of corporate and establishment business at Diners' said: "Customers are confused by networks like Visa and Mastercard, which offer a plethora of systems through different banks. We are a single entity and this makes it much easier to tie up software systems and billing for companies across borders."

But the second of the major credit card networks, Eurocard, is trying to prove him wrong. Eurocard is beginning to market itself more heavily as a T&E card and is redesigning its range of corporate cards, including the Gold Eurocard and the new Gold Plus Eurocard.

Philip Taylor, vice president, marketing at Eurocard international in Brussels, said it was up to Eurocard's members to develop the services their corporate clients want.

Discount Brokerages Are Gaining Popularity as a New Marketing Tool in the U.S.

By Vivian Lewis

SINCE what was called May Day or Big Bang in 1975, dealing costs for customers of American brokerage houses have been negotiable. Big institutional customers have whittled commissions down to pennies per trade; but active retail accounts also can usually get a commission cut.

Even when the wire house broker is outside the United States, it is a good idea to ask for a discount on the standard commission rates. On condition you do enough trading, you can get a 20-25 percent slash in the old fixed rate from your local American broker in a major European or Asian city. Of course, if you are based somewhere in the boondocks or abroad, away from major financial centers — or in a country where exchange controls keep the locals from buying into Wall Street — you will not have a full-price brokerage office nearby. And without a local brokerage infrastructure, you will have to make your own investment decisions in any case. That means you probably want to open an account with a U.S. discount brokerage.

Discount brokerages offer only one real service: execution. They do not maintain salesmen or economists or stock analysts. That means their prices can be less than half those of full-service brokers for comparable trades.

People outside the United States are at a disadvantage compared to American residents when using discount brokerage accounts — largely because they cannot use postage-paid envelopes or gain access to toll-free U.S. 800 numbers, which do not work overseas. Even providing portfolio management, trading, and access to research — a service offered by discount brokers like Charles Schwab stateside — simply cannot be made to work internationally.

Discount brokerages, which compete on price, will not let their customers make collect calls. The only exception is for Charles Schwab customers in Hong Kong. They used to have a local office to serve their needs, and when Schwab closed it down, they were given access to a 24-hour toll-free number in Hong Kong to reach a Cantonese, Mandarin or English language broker based at Schwab headquarters in San Francisco (a Hong Kong 008 number).

Alternatives include asking your discount broker to call you back (international calls from the U.S. overseas are almost always cheaper than international calls in the reverse direction). If because of the time zone you are in a confirmation of your trade cannot be given when you call in, even hyper-discounter Brown & Co. allows brokers to call customers back to confirm. However, all discount brokers trying to keep costs to a minimum will not do so unless substantial trades are in the offing.

An alternative is to use a personal computer to punch your trades in on-line. Discount brokers like working with computers, which offer cheap alternatives to paperwork and provide a better record of orders and confirmations. However, frequently people located outside the U.S. are left out.

Buying Big Blue - Two Sample Trades

Commission on a single transaction of IBM stock, listed at $106 per share, in U.S. dollars	$5,000 deal	$50,000 deal
Barry W. Murphy & Co., Boston	$28.53	60.33
Brown & Co., Boston	28.76	62.68
Fidelity Investments Brokerage, Boston	80.64	190.60
Charles Schwab & Co., San Francisco	80.89	190.85
Quick & Reilly Inc., New York	91.00	161.00

* approximation

Source: IHT

International Herald Tribune

Charles Schwab's "Equalizer" software system does not work outside the U.S. and there are no plans to offer it outside the country. However, Schwab has signed up with a communications and electronic mail system run by General Electric, called GEnie, to offer trading and database access all over the world to clients with a PC and a modem. Archrival Quick & Reilly offers even broader international on-line access through Compuserve to its own execution network and databases. Compuserve is the database most widely available outside the U.S. and is promoted by Tandy, the computer sold by Radio Shack. One of the main advantages for a foreign-based investor — and indeed for one in the U.S. — of using a PC for investment is that you gain access to data bases that help replace the advice traditional full-service brokers offer. Brown & Co. does not bother with computers. It offers clients with access to a touch-tone telephone the right to five free minutes a day of quotations on their stocks. You can use the telephone memory to gather the symbols for your portfolio. This system is used by Brown clients located in the Middle East and Europe to keep up with their portfolios.

There are other advantages even if you do not subscribe to an on-line system, however. While full-service brokerages charge you to maintain shares in your account, discount brokers like Quick & Reilly, Brown, or Charles Schwab do not. They also do not charge account maintenance or statement fees.

Brown & Co. really is very cheap. However, they will only open an account for a qualified investor. You must have invested for at least five years, have an income of over $30,000 per year and a net worth — not counting your home — of at least $25,000. Furthermore, Brown & Co. requires that you deposit shares before trading — not five trading days after — and that you pay for trades before giving buy orders. You must deposit cash or negotiable securities worth at least $10,000 to start. However, given the vagaries of international mail, most investors outside the U.S. would probably want to maintain their stocks in their accounts and prepay for trades in any event.

Brown also charges lower margin interest than most brokers do — the brokers' call rate even for small amounts.

Other discount brokerages are used as a marketing tool. Fidelity in Boston, which operates a load fund group, allows fund customers — many of whom are small investors — to cut their commissions. But you have to read the small print. For trading round-lots of low-priced stock the Fidelity commissions use an overriding minimum. Hence their charges often are higher than those charged by full-service brokers; so are Charles Schwab's. And even for substantial trades they tend to charge more than Brown.

A Schwab spokesman, Tom Taggart, admits that 'We are not the cheapest," adding, "in fact we are one of the highest priced discount brokers — but we still charge considerably below the full commission."

Only one discount brokerage contacted, Olde Discount of Detroit, in the American heartland, specifically refuses to open accounts for clients located outside the United States.

Can you use a discount broker to buy shares trading in foreign markets? If there are American Depositary Receipts, the answer is yes, since these are traded just like any other U.S.-quoted stock. Quick & Reilly, which is a major brokerage house, can create ADRs over the counter in relatively liquid stocks for prices that are competitive with those on foreign markets. The premium for U.S. delivery varies according to the volatility of the stock and the currency, so not all trades make sense. "We will steer customers away from trades we cannot do, and then we recommend that they buy them locally," explains Bill Coppel, the vice president for marketing.

For more information, call Brown & Co. (1) 617-742-2600; Fidelity (1) 617-570-7000; GEnie (1) 301-251-6475 or, in Germany, 49-2233-6091; Charles Schwab (1) 415-398-1000; Barry Murphy (1) 617-426-1770; Olde Discount (1) 313-961-6666; Quick & Reilly (1) 212-943-8686; Compuserve (1) 614-457-8600

Amex Contracts Will Bring the Tokyo Market to New York

By Martin Baker

NEXT week investors will get a chance to play the Tokyo stock market — in New York.

The American Stock Exchange (Amex) will launch two new contracts Tuesday — subject to final approval from the U.S. investment watchdog, the Securities and Exchange Commission. Investors will be able to buy put or call options at a minimum of $250 a time against a specially designed index of 210 leading Tokyo shares.

Amex was forced to design its own option because the Japanese Ministry of Finance refused to allow it to trade against the existing Japanese indexes, an Amex spokesman said.

Options contracts offer the right to buy (call) or sell (put) shares at a given price. If the market moves up investors with a call option stand to make money. If it falls, the put option holder wins out.

Because the contract is for the right to purchase or sell the index, rather than actually buying or selling the index itself, investors will find that their money either makes good gains or is wiped out.

The notoriously volatile nature of options dealing can be illustrated by an example with grossly oversimplified figures. Imagine buying a call option on a share or index priced at 100. You buy the right to buy at 105. The call option costs 3. Then the share or index moves up to 120 — a 20 percent rise. But the holder of the call option has made 15 for an outlay of 3, a 500 percent gain.

If the share or index should fall the investor is left with the right to buy at 105 when the market price is, say, 90. No-one will buy the option when the real market is cheaper. The option holder loses out.

The volatile nature of the contracts does not necessarily mean they are designed only for speculation. For example investors with an existing holding in Japanese shares may want to protect the value of their assets by buying a put option. In this case the contract acts as a form of cheap insurance.

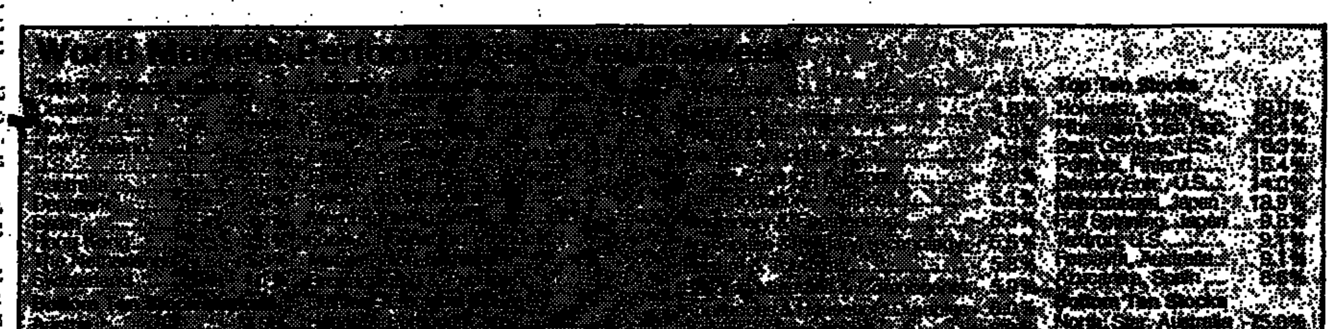
Options confer the right to buy or sell, not the duty. Investors very rarely actually buy or sell the share or index, only the options contracts.

The new Amex contracts will run for a period of up to 2 years. The length of time over which the option is exercisable is one of the factors in determining how much the contract will cost.

"We are looking for retail investors," said an Amex spokesman. "We think they will be attracted by the fact that they can buy a contract in dollars, which is also registered with the SEC."

"But we do recommend that investors use brokers who are very very familiar with the options market," the spokesman added.

Investors who are already familiar with the market can deal through any recognized broker.



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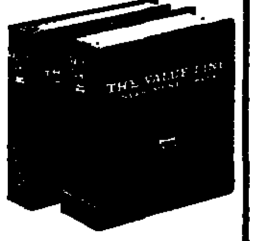

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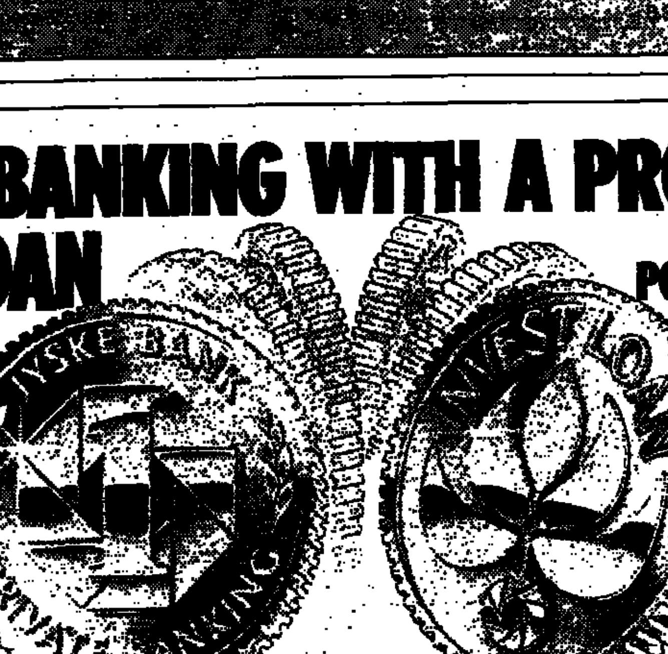

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SPORTS

U.S. and Austria 1-1 After 2 Routs

Agassi Matches Muster, Australia Leads Argentina in Other Semifinal, 2-0

Compiled by Our Staff From Dispatches

VIENNA — Andre Agassi overwhelmed Horst Skoff in straight sets Friday to give the United States a 1-1 tie with Austria after Thomas Muster had opened the best-of-five Davis Cup semifinal by defeating Michael Chang.

In the other semifinal series, host Australia leads Argentina, 2-0. The

DAVIS CUP TENNIS

two winners will meet Nov. 30-Dec. 2 for the Davis Cup title.

In World Group qualifying, Henri Leconte and Guy Forget gave France a 2-0 lead over Britain in matches being played in London. *(See Scoreboard)*

Agassi needed less than two hours to rout Skoff, 7-6 (7-3), 6-0, 6-1, winning 13 of the last 14 games in the match.

The fourth-ranked American so dominated the match that Skoff did not win a point on his serve in the second set.

"I picked up my game after the first set and he slowed down a little," Agassi said. "I don't know if he got fatigued, but he tried so hard the first set and had nothing to show for it."

Skoff lost the final three points of the first-set tiebreaker, which Agassi ended with the second of his five aces in the match. That set lasted 67 minutes.

Skoff lost the second set in just 21 minutes and, with many fans already leaving the Prater soccer stadium, lasted just 28 minutes in the final set. He lost the last 11 points of the match.

In the opening match, Muster overcame Chang, 4-6, 6-2, 6-2, 6-4.

In an intermittent rain, Muster improved his Davis Cup clay-court record to 23-0 by taking advantage of Chang's weak serve. Chang was in trouble throughout, facing 23 break points overall.

"It took me a while until I got used to everything," Muster said. "The last three sets I was playing some of my best tennis."

The left hander, ranked seventh in the world, did not lose his serve in the second or third sets and got four of his eight service breaks against Chang in those two sets.

Muster dominated the middle sets and then, after the 15-minute break traditionally observed after the third set of Davis Cup play, both players had trouble holding serve in the fourth set.

There were five breaks in the first seven games of the set, with Muster taking a 4-3 lead when he converted his sixth break point of the game. He then served out the match, concluding with a shot that dribbled off the net and onto Chang's side of the court.

Muster and Alexander Antonisch will play Rick Leach and Jim Pugh in the doubles match Saturday, with the reverse singles set for Sunday. The U.S. pair are the Wimbledon champions, but have a poor record on clay.

In Sydney, Wally Masur rallied to defeat Martin Jaite, 3-6, 6-7 (4-7), 6-4, 6-0, 6-2, and give Australia its 2-0 lead over Argentina.

Pat Cash had swept past Alberto Mancini, 6-1, 6-1, 6-2, in the opening singles match.

Jaite appeared to be in command after winning the first two sets, but Masur gained in confidence as the match progressed and his serve-volley game came together. He dropped only seven points in the fourth set and reeled off four games in a row to clinch the victory.

Cash, a former Wimbledon champion, destroyed Mancini in a 90-minute humiliation only slightly eased by the Argentine revealing that he had a shoulder injury.

"That was the best, errorless tennis I've seen on grass," said Australia's team captain, Neale Fraser, himself a former Wimbledon champion. "You could count the number of unforced errors on one hand."

Mancini, who injured his right shoulder at the U.S. Open, said that "I had an injection and I thought it was going to be better but it wasn't really good for me."

Javier Frana may take his place in Sunday's reverse singles. Frana and Christian Miniussi play Darren Cahill and Mark Kratzmann in Saturday's doubles.

■ Borg: Eying Comeback

Retired Swedish tennis star Bjorn Borg was quoted Friday as saying he's considering a comeback, but stressed that he will do it only if he feels able to play again at top levels, The Associated Press reported from Milan.

The 34-year-old Borg, who retired eight years ago when he still was ranked among the top and highest paid players, said in an interview with Italy's largest sports daily, Gazzetta dello Sport, that "I'll comeback if I feel ready, otherwise I'll not. Nobody is forcing me. It's a challenge with myself."

Borg said he has been training four hours a day in London, Stockholm and Milan since Aug. 22.

"Right now I am not playing at my best," he said. "I miss eight years of tournaments. However it's only a question of time and of hard work."

Mark Baker/Reuters

Thomas Szlukovenyi/Reuters

Pat Cash, left, of Australia, and Thomas Muster of Austria were emphatic in pointing out that they had won their Davis Cup matches.

Vikings Challenge 2-0 Bears While Unbeaten Dolphins and Giants Clash in New York

By Thomas George
New York Times Service

After being labeled a team in crisis, the Minnesota Vikings are trying to chip away at that reputation by building team and organization unity block by block and game by game. And by winning. Their next test is Sunday against the Chicago Bears at Soldier Field.

Last season was a bitter disappointment for the Vikings. Lengthy contract disputes became nasty, players griped about salaries. The arrival of Herschel Walker caused more confusion, and at least one player implied that Mike Lynn,

NFL PREVIEW

the team's executive vice president and general manger, was a racist. The circus finally ended when the Vikings were handily beaten in the playoffs, 41-13, by the San Francisco 49ers.

The Vikings now have a 1-1 record, new offensive input from Tom Moore, formerly the offensive coordinator for the Pittsburgh Steelers, and a refreshed attitude.

And they had an off-season trip to the Pecos River in New Mexico, where the players went through survival exercises and met in seminars to improve relationships. It helped produce a council of 8 to 10 players that meets regularly with Lynn to discuss player issues and concerns.

"I thought the seminars and the concepts they rode by us were good in New Mexico," said Steve Jordan, the Vikings' ninth-year tight end and a Pro Bowl selection in each of the last four years, "and in training camp we had a booster seminar on everything.

"Usually for seminars like that, you're caught up and gung-ho in it and then two or three months later, it's forgotten. We've tried to guard against that, to take it to heart and live and play with it.

"We had a lack of communication last year throughout our organization, from player to coach and coach to management and management to player. And then attitudes and frustrations were building in guys and there was nowhere to release it," Jordan said.

"Even if a guy doesn't have the right person to talk to, he's still going to talk to somebody. So it tended to fester into a lot of unproductive locker-room talk among the players that spilled to the press. Now, everyone feels they have a channel to voice their opinions and that maybe something can be done."

Jerry Burns, the Vikings' coach, hopes another payoff of his team's hard work both off and on the field will come against the unbeaten Bears. The key to the game, according to Burns, is the notion of the Vikings becoming 1-2 and the Bears 3-0. "It's not a must game," Burns said. "But it is critical." Chicago is favored by 2½ points by oddsmakers in Nevada.

NATIONAL CONFERENCE

Philadelphia (0-2) at Los Angeles Rams (1-1) — After three straight years of climbing the ladder to become a contender, the Eagles are in jeopardy of an 0-3 start, their worst since 1986, when they were 5-10-1 in Buddy Ryan's first season as coach. Extra point: The Eagles have dropped five straight games to the Rams on the West Coast, but they have not played the Rams there since 1977. Los Angeles by 5½.

Dallas (1-1) at Washington (1-1) — Washington needs no reminding that the Cowboys' lone victory in 1989 in Robert F. Kennedy Stadium. This is an important stretch for Dallas, which lost to the New York Giants last Sunday. Extra point: Mark Rypien, the Redskins' quarterback, has thrown 44 touchdowns in 22 starts. Washington by 13½.

Atlanta (1-1) at San Francisco (2-0) — "We really want to see Atlanta and see for ourselves how far they've come," said Eric Wright, the 49ers' cornerback. San Francisco has won three straight over Atlanta and 10 of the last 12 (with one tie). against its West Division rival. Extra point: Atlanta has not won a road game since November 1988, dropping 10 straight. San Francisco by 11½.

Detroit (1-1) at Tampa Bay (1-1) — A rematch of the season opener, won by Tampa Bay in Pontiac, Michigan, 38-21. Vinny Testaverde has thrown seven interceptions in four starts against Detroit but was 16 of 21 for 237 passing yards and three touchdowns in the opener. Extra point: Terry Taylor, a cornerback for the Lions, on Thursday became the fourth NFL player banned for life under the league's drug policy. The Lions also will sorely miss two injured starters: free safety Bennie Blades who has a knee injury, and linebacker Chris Spielman, out with a bad shoulder. Tampa Bay by 2½.

Phoenix (1-1) at New Orleans (0-2) — "I'm not going to throw in the towel on John Fourcade after only two games," said Jim Finks, the New Orleans Saints' president and general manager. However, many of the Saints' fans have, and maybe some of Fourcade's teammates, too. Extra point: The Saints have not yet scored a touchdown; a third straight loss would given them their first 0-3 start since 1980, when they lost 14 straight in a 1-15 season. New Orleans by 9½.

AMERICAN CONFERENCE

Pittsburgh (1-1) at Los Angeles Raiders (2-0) — Their rugged, memorable battles of the 1970s ended with the Raiders holding a 6-5 edge, but Pittsburgh won the most recent battle, in 1984, by 13-7. Extra point: Art Shell's Raiders are 7-0 in Los Angeles Coliseum. Los Angeles by 4½.

Seattle (0-2) at Denver (1-1) — "Everybody had that look in their eyes, especially John," receiver Vance Johnson said of the Broncos' quarterback, John Elway, and Denver's last-second drive that helped nip Kansas City on Monday night. Seattle has scored only 13 points, fewest in the league. Extra point: Denver is 9-3 against Seattle in Mile High Stadium. Denver by 8½.

San Diego (0-2) at Cleveland (1-1) — Bud Carson, Cleveland's coach, is groping for ways to find more pass protection for quarterback Bernie Kosar. Kosar has thrown only one interception in his last 145 passes but has spent too much time throwing off balance and under fire this season. San Diego has the pass rush, led by defensive end Leslie O'Neal, to keep Kosar on the run. Extra point: San Diego's losses to Dallas and Cincinnati were by a total of eight points. Cleveland by 4½.

New England (1-1) at Cincinnati (2-0) — Eddie Brown, the Bengals' nifty wide receiver, is often overlooked when the game's best receivers are named, but in spurts he shows why he can be as dangerous as Jerry Rice or Al Toon. In winning conference offensive player of the week honors, Brown caught touchdown passes of 30 and 23 yards and finished with 10 catches for 178 yards in the victory over San Diego. Extra point: New England has not played in Cincinnati since 1979; the Bengals seek only the fourth 3-0 start in their 23-season history. Cincinnati by 10½.

Indianapolis (0-2) at Houston (0-2) — "It's ridiculous," said Jim Irsay, the Indianapolis general manager, about rumors that the Colts' coach, Ron Meyer, will be dismissed. "This stinks," said Jack Pardee, Houston's head coach, of his team's slow start in his NFL return. The Colts' quarterback, Jeff George, is listed as a probable starter after pulling an abdominal muscle. Extra point: The home opener for Houston. Houston by 9½.

Buffalo (1-1) at New York Jets (1-1) — Miami proved that the Bills, who had either led or shared the American Conference East lead for 33 weeks, can be toppled. The Jets want to drive home the point on Monday night. Extra point: The Jets are 9-13 in Monday night games, the Bills 6-11. Buffalo by 1.

INTERCONFERENCE

Miami (2-0) at New York Giants (2-0) — Miami brings a new breed of Dolphin to Giants Stadium, one that can finally rush the football (an American Conference-best average of 152.2 yards per game) and can stop the run. And there is still Dan Marino's powerful arm. This is only the second regular-season game between the teams (the first was a 23-13 Miami victory in 1972). Extra point: The game hinges on Miami's pass protection. New York by 7.

Kansas City (1-1) at Green Bay (1-1) — Don Majkowski will start against the Chiefs as Green Bay seeks to answer many questions after being soundly thrashed by Chicago. Extra point: The Packers are concluding a three-game home stand and want at least two victories out of it. Green Bay by 2½.

BOOKS

HOCUS POCUS

By Kurt Vonnegut. 302 pages. $21.95. G.P. Putnam's Sons, 200 Madison Avenue, New York, N.Y. 10016.

Reviewed by
Christopher Lehmann-Haupt

IT should come as no surprise to Kurt Vonnegut's readers that one of the characters in his 13th and latest novel, "Hocus Pocus," is Hiroshi Matsumoto, a survivor of Hiroshima.

But what may be modestly alarming is the almost affectionate mordancy with which Matsumoto's experience is described: "When the bomb was dropped, he was playing soccer during school recess. He chased a ball into a ditch at one end of the playing field. He bent over to pick up the ball. There was a flash and wind. When he straightened up, his city was gone. He was alone on a desert, with little spirals of dust dancing here and there."

Of course, it isn't Vonnegut who describes this frightening scene. It is one Eugene Debs Hartke, who, according to an introductory editor's note by K.V., wrote the whole of "Hocus Pocus" on little scraps of paper while waiting to be tried for some crime that will eventually be divulged by his narrative.

Eugene Debs Hartke, too, is a familiar Vonnegut creation. Not only is he hated by his children, who have promised never to speak to him again for innocently marrying a woman with insanity in her genes, he is also loathed by himself for all the killing and lying he did in Vietnam. So if there's anything you don't like about Eugene, he has probably beaten you to it. Besides, he has tuberculosis.

In "Hocus Pocus," as usual in Vonnegut's fiction, there is a contest between comedy and despair, between the vaudeville curtain and the apocalyptic cloud. In the author's more recent novels these elements have finished in a tie, with the darkness of the author's vision balanced by the lightness of his style. Something was bound to give.

The lightness is there in "Hocus Pocus": the diagrams in Vonnegut's hand, the typographical tics, the cute tag lines. Opposite the title is a page filled with silhouettes of little men to illustrate the narrator's remark, "If I were a fighter plane instead of a human being, there would be little pictures of people painted all over me."

There are even funny passages in "Hocus Pocus," like the scene in which Eugene's long-lost illegitimate son shows up and asks a series of questions based on lies Eugene told the boy's mother during their one-night stand; or Eugene's account of the perpetual motion machines built by the founder of the college for the learning-disabled wealthy, where Eugene used to teach: "The longest my students and I could get the best of them to run was 51 seconds. Some eternity!"

But darkness and despair seem to have inched ahead in "Hocus Pocus." True, many of Eugene's blacker lines can be dismissed as excessive. Of the notorious Donner party cannibalism incident he writes, "People who can eat people are the luckiest people in the world."

And some of the shorter scraps of the novel have entries like: "And the worst flaw is that we're just plain dumb. Admit it! You think Auschwitz was intelligent?" or "How embarrassing to be human."

Then there's Eugene's description of those "little dust devils" that Hiroshi Matsumoto saw spinning in the "blank tableland" when he picked his soccer ball out of that ditch.

But if you find yourself succumbing to the author's nuclear apoplexy, you need only think about this atomic scene as carefully as Vonnegut seems to want you to do. Of course it isn't real. No one would have survived a nuclear explosion by ducking into a ditch. It is a cartoon conception, with the dust devils out of some "Roadrunner" short.

Similarly, all of Vonnegut's prose techniques are so worn and slick from use that they bounce away harmlessly. His vision may have darkened but he has been at his games too long to make one take him seriously.

"Hocus Pocus": It's a trickster's phony incantation. Most depressing of all are the holes in this performer's gloves.

Christopher Lehmann-Haupt is on the staff of The New York Times.

BRIDGE

By Alan Truscott

SAFETY plays, like insurance against earthquakes, usually prove unnecessary.

But one paid off for Edgar Kaplan of Manhattan, editor of The Bridge World, on the diagramed deal from an early round of the 1989 Spingold Knockout Teams in Chicago.

The two-heart response to the strong two-club opening was artificial, promising an ace or two kings.

Kaplan reached five clubs, and realized, when the dummy appeared, that he had missed a borderline slam.

He won the opening spade lead in dummy and finessed the club jack. This guaranteed against the faint possibility that East held all four missing trumps, and was rewarded. The game was made, and in the replay the six-club slam failed by two tricks.

NORTH
♠ A 7 2
♡ J 10 3
◇ 8 7 5 2
♣ 6 5 4

WEST
♠ K 10 8 4
♡ 9 8 7 6 2
◇ Q J 4 3
♣ —

EAST
♠ Q J 9 6 5
♡ 5 4
◇ 10 6
♣ Q 10 9 3

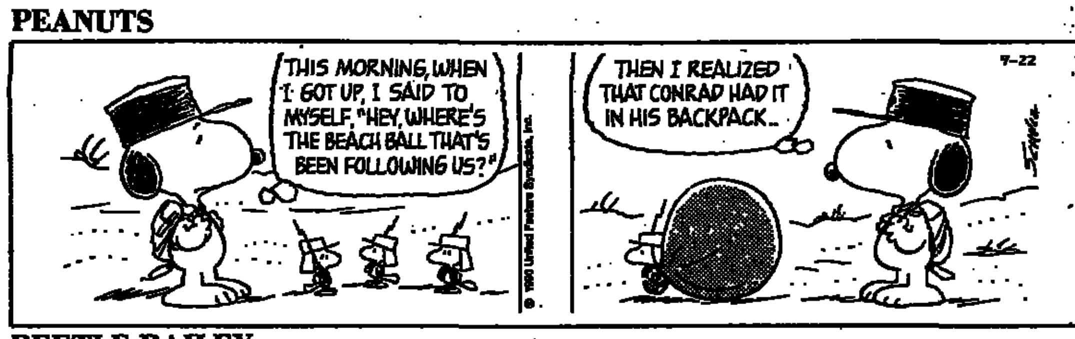
SOUTH (D)
♠ 3
♡ A K Q
◇ A K 9
♣ A K J 8 7 2

Neither side was vulnerable. The bidding:

South	West	North	East
2♣	Pass	2♡	2♠
3♣	3♠	3 N.T.	Pass
4♣	Pass	5♣	Pass
Pass	Pass		

West led the spade four.

PEANUTS


THIS MORNING, WHEN I GOT UP, I SAID TO MYSELF, "HEY, WHERE'S THE BEACH BALL THAT'S BEEN FOLLOWING US?"
THEN I REALIZED THAT CONRAD HAD IT IN HIS BACKPACK..
9-22

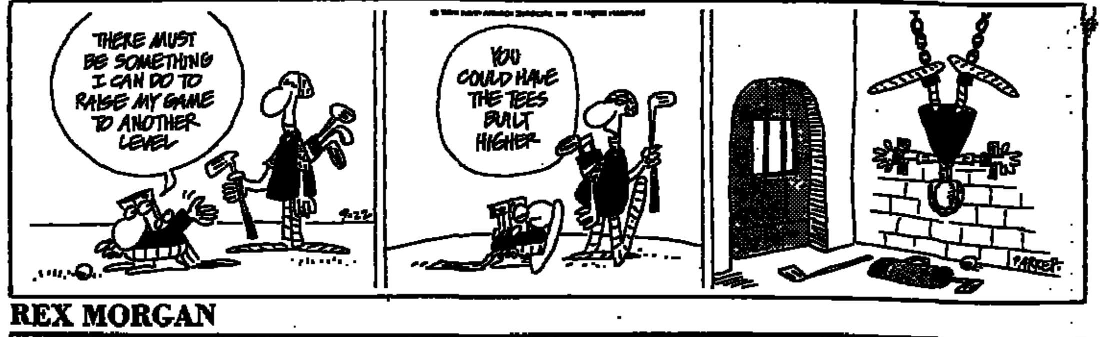
BEETLE BAILEY

"MEATBALL HASH"? WHAT'S THAT?
I TOOK LEFTOVER MEATBALLS AND MADE HASH
BUT YESTERDAY WE HAD HASH MEATBALLS!
RIGHT! I TOOK LEFTOVER HASH AND MADE MEATBALLS
WHAT'S GOING ON HERE?
RECYCLING
9-22

ANDY CAPP

I DON'T KNOW WHAT TIME I'LL BE HOME, PET—DEPENDS ON IF I CAN GET A LIFT
HUH! I CAN'T SEE WHY YOU WANT TO GO ALL THAT WAY—JUST TO WATCH A CRUMBY FOOTBALL MATCH—!
LOOK, FLO, I DON'T LIKE CLEANING WINDOWS, BUT I DON'T STOP YOU FROM DOING IT, DO I?!
SELFISH TO THE CORE, THAT'S ME

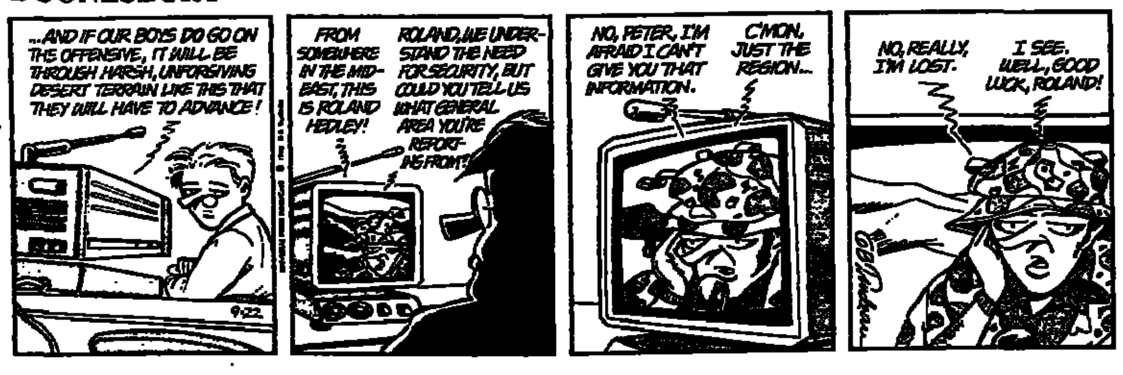
WIZARD of ID


THERE MUST BE SOMETHING I CAN DO TO RAISE MY GAME TO ANOTHER LEVEL
YOU COULD HAVE THE TEES BUILT HIGHER
9-22

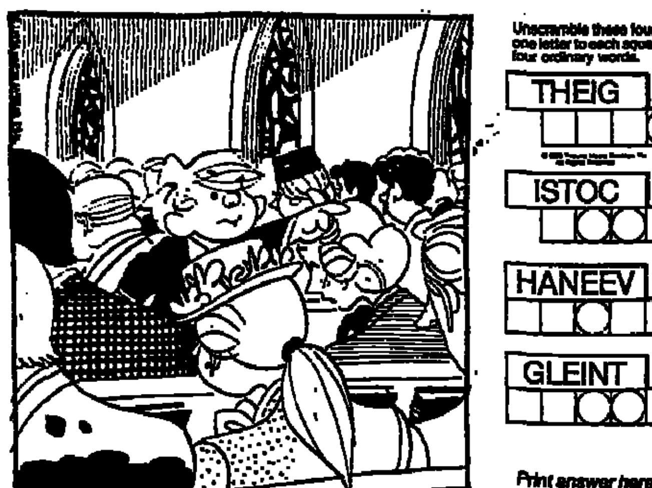
REX MORGAN

IS SHE AWAKE, HELEN?
VERY MUCH SO! SHE'S NOW LOOKING FOR THE PILLS AND CAPSULES SHE HAD STASHED AWAY! I THINK SHE SUSPECTS THAT WE FOUND THEM AND TOSSED THEM DOWN THE DRAIN!
IF YOU'VE COME TO SEE ME, DOCTOR, PLEASE COME IN! STOP TALKING TO MY EX-MANAGER AND MY EX-SECRETARY! ALL THEY DO IS TELL LIES ABOUT ME!
9-22

DOONESBURY


...AND IF OUR BOYS DO GO ON THE OFFENSIVE, IT WILL BE THROUGH HARSH, UNFORGIVING DESERT TERRAIN LIKE THIS THAT THEY WILL HAVE TO ADVANCE!
FROM SOMEWHERE IN THE MID-EAST, THIS IS ROLAND HEDLEY!
ROLAND, WE UNDERSTAND THE NEED FOR SECURITY, BUT COULD YOU TELL US WHAT GENERAL AREA YOU'RE REPORTING FROM?
NO, PETER, I'M AFRAID I CAN'T GIVE YOU THAT INFORMATION.
C'MON, JUST THE REGION...
NO, REALLY, I'M LOST.
I SEE. WELL, GOOD LUCK, ROLAND!
9-22

DENNIS THE MENACE



"LOOK! MR. WILSON'S OVER THERE TELLIN' GOD HIS SIDE OF THE STORY!"

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

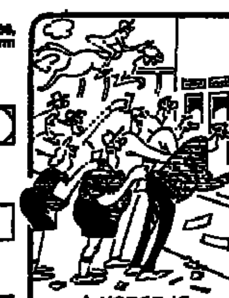
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

THEIG

ISTOC

HANEEV

GLEINT



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers Monday)

Yesterday's | Jumbles: MOURN REBEL BALSAM DELUXE
Answer: That exotic perfume held her - - - "SMELL BOUND"

BLONDIE

WHO'S THAT NAVAL OFFICER?
BAILEY BUMSTEAD A DISGRACE TO THE FAMILY NAME
WHAT IN THE WORLD DID HE DO?
HIS SHIP CARRIED A CARGO OF WINE FROM FRANCE TO THE U.S.
BUT BAILEY GOT INTO THE PORT BEFORE HIS SHIP DID
9-22

GARFIELD

THIS RAIN IS NEVER GOING TO STOP. LET'S PACK UP AND GO HOME
THAT'S IT! LET'S GO!
JIM DAVIS 9-22
SLAM!

SPORTS

Pirates Head Home, Happy

By Malcolm Moran
New York Times Service

CHICAGO — The Pittsburgh Pirates headed home with their lead in the National League East suddenly much more secure, having hammered the Chicago Cubs, 11-2, after halting a six-game losing streak the day before.

The Pirates left Three Rivers Stadium 10 games ago with a 3½-game lead over the second-place Mets and Friday, even after a 4-6 trip and their longest losing streak of the season, they held a 2½-game advantage and would play nine of their final 12 games in Pittsburgh, where they have a record of 43-29.

"Maybe this is something that's supposed to happen," said center fielder Andy Van Slyke, who hit two home runs Thursday for the second time this year and the fourth in his major-league career.

Bob Walk, whose season was interrupted by a groin injury that twice placed him on the disabled list, held the Cubs to two runs in 5⅔ innings to earn his first victory in two months and the second in more than four.

Barry Bonds, who had hoped that his entrance Wednesday into the elite group of players with at least 30 home runs and 30 stolen bases the same season would help him relax for the final stretch drive, hit home run No. 32, the most by a Pirate since Willie Stargell hit 32 for the 1979 champions.

The Pirates, who batted .110 in their lost weekend at Montreal, scored 24 runs in the three games against the Cubs. Their first four Thursday afternoon came against Randy Kramer, who could qualify for some of Pittsburgh's post-season money. He lasted 1⅓ innings 19 days after being traded by the Pirates.

Van Slyke, in his last seven starts, has had 10 hits in 26 at bats for a .385 average, with two doubles, a triple and three home runs.

"It just reminded me of getting on my bike, riding down through the village, getting off, and tying up my sneaks and playing in a Little League game," Van Slyke said. "A pennant race, and playing well at this time of the year, and the sun, and my wife in the stands."

The only flaw was a bizarre double-error in the second by a center fielder who had committed just 10 errors in the past two seasons.

On the day the lost Cub season became official — they fell 14½ games behind with 13 to play — Ryne Sandberg's 37th home run of the year, over the left-field stands, carried him one step closer to becoming the first National League second baseman to lead the league in that category since Rogers Hornsby in 1925.

John Swart/The Associated Press

Sid Bream was out at second base as Shawon Dunston went to first for a double play in the third inning, but the Pirates were still off and running to an 11-2 victory in Chicago.

Mets Swept, Fall 2½ Behind Bucs, Reds' Lead Cut to 3½ in NL West

By Claire Smith
New York Times Service

NEW YORK — The New York Mets' September stretch drive toward a division title in the National League East has been reduced to an incredible stretch of the imagination for even the most optimistic fans following the team's losing both ends of a doubleheader to the Montreal Expos.

The Mets knew they still had a chance mathematically after the 6-4 loss in the opener here Thursday. And the numbers still didn't add up to total elimination of all hope even after they went quietly in the second game, 2-0.

Yet time is running out about as quickly as the patience of the paying public at Shea Stadium.

The grim facts at the end of the day were these:

• With only 13 games left, the Mets must try to come back from a 2½-game game deficit while fighting a rear-guard action against Montreal, a team that used three victories here to move to within two games of New York.

• The Mets are also now charged with figuring out how to win away from Shea Stadium. Only three of their remaining games will take place at Shea, and the road has proven rough all season.

• If the Mets should figure out how to pull victories out of visits to Wrigley Field in Chicago and Olympic Stadium in Montreal in the next week, then they must regain their magic touch at home for three days against the Cubs if they are to keep any hope of making the final three games of the season in Pittsburgh mean anything at all.

The Mets' miseries started when ace reliever John Franco's September continued to unfold roughly in the first game.

Frank Viola led, 4-2, and was five outs away from his 20th victory when Spike Owen tripled and pinch-hitter Mike Fitzgerald singled. Tim Raines's single chased Viola and, in short order, the Expos tied the game on Otis Nixon's single off Franco. Andres Galarraga then flied to shallow center, but ended up with a run batted in, anyway, because of an off-line throw by Keith Miller.

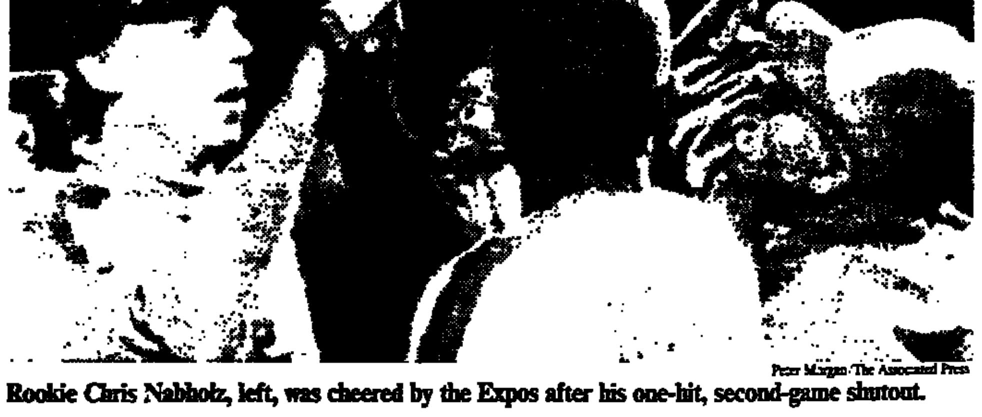
Nixon, who in obligatory fashion for the roadrunning Expos stole second during Galarraga's time at bat, moved to third on Charlie O'Brien's passed ball. Nixon scored moments later on an infield single by Tim Wallach, a hit Franco promptly threw away for an error.

"I brought in our best," Bud Harrelson, the Mets' manager, said long after the debacle of an inning. "It didn't work out."

Then, in the second game, the Expos sent out rookie left-hander Chris Nabholz, who pitched a one-hit shutout. Nabholz, 0-6 in Class AAA ball this season, but now 6-0 in the major leagues, did not allow a hit until the sixth.

Tommy Herr's line-drive single over the first-base bag at least assured the Mets they would not become the 10th team to be no-hit this season.

Montreal scored both its runs in the fourth inning off Sid Fernandez, on Wallach's RBI single and Marquis Grissom's sacrifice fly. Fernandez gave up two hits in six innings, both in the fourth when Galarraga and Wallach singled with one out after a leadoff walk to Raines.



Peter Morgan/The Associated Press

Rookie Chris Nabholz, left, was cheered by the Expos after his one-hit, second-game shutout.

Astros' Rally in 9th is Dodgers' Gain

The Associated Press

HOUSTON — Cincinnati's manager, Lou Piniella, spoke in chopped sentences as the Reds saw yet another game chopped off their season-long lead in the National League West.

"It was a tough loss. Norm Charlton pitched well," Piniella said after the Houston Astros beat the Reds, 3-2, with two runs in the ninth inning Thursday night. "We will worry about San Diego tomorrow. That's all I have to say. Go talk to somebody else."

Pinch-hitter Carl Nichols's two-run single in the bottom of the ninth gave the Astros a sweep of the two-game series.

The Reds, having wasted a fine pitching performance by Charlton, had their lead over second-place Los Angeles cut to 3½ games, the closest the Dodgers have been to the Reds since May 3, when the deficit was three games.

The Reds, with three straight losses, next play a four-game weekend series in San Diego while the Dodgers take on the San Francisco Giants in a three-game series in Los Angeles.

Charlton held the Astros to one run on three hits in 7⅓ innings, and the Reds opened the scoring in the second inning when Eric Davis singled, stole second, got to third on a throwing error by catcher Craig Biggio and scored on a passed ball by Biggio.

Davis's 22d homer in the fourth inning made it 2-0.

After Eric Yelding led off the home sixth with a walk, he stole second — his 58th steal of the year — and a single by Casey Candaele cut the lead to 2-1.

Then, with left-handed relief ace Randy Myers on the mound, the Astros began their ninth with a single to center by Glenn Davis. Pinch-hitter Dave Rohde was hit by a pitch, putting runners on first and second. Biggio's perfect sacrifice bunt moved them to second and third with one out.

Following an intentional walk to Rafael Ramirez to load the bases, Mark Davidson struck out.

But Nichols, pinch-hitting for winning pitcher Xavier Hernandez, drove Myers's next pitch into left field to win the game.

Eric Davis, who just missed throwing out Rohde at home, said, "I knew it was going to be a hit. I charged the ball and tried to throw him out, but the bottom line is whether you win or lose. They get paid just like we do, win or lose."

Dodgers 7, Padres 2: The Dodgers crept closer to Cincinnati as Ramon Martinez pitched a six-hitter, Alfredo Griffin drove in two runs and Mike Scioscia hit a two-run double during a five-run sixth inning in Los Angeles.

Martinez boosted his record against National League West opponents to 12-0 with his 11th complete game, tops in the majors.

The 22-year-old right-hander, who walked two, struck out nine to increase his total to a major league-leading 216. He lost his shutout in the ninth inning on a two-run home run by Benito Santiago.

The Dodgers went ahead, 2-0, in the second inning against Andy Benes on a two-run triple by Alfredo Griffin that ended a string of 69 at-bats without an extra-base hit.

The victory was the Dodgers' sixth in their last eight games. The Padres had won five straight.

SIDELINES

Beck Ousts Faldo in Match Play Golf

VIRGINIA WATER, England (AP) — Chip Beck survived Nick Faldo's runaway start Friday to beat the U.S. Masters titlist and defending champion, 2 and 1, and reach the semifinals of the World Match Play golf championship at Wentworth.

U.S. Open champion Hale Irwin lost to Mark McNulty of Zimbabwe, while Ian Woosnam of Wales whipped Northern Ireland's Ronan Rafferty and Greg Norman defeated fellow Australian Wayne Grady in playoff with a birdie on the 38th hole. *(See Scoreboard).* Norman plays against McNulty on Saturday and Beck faces Woosnam.

• In Endicott, New York, Jim Hallet and Nolan Henke, two pros struggling to remain on the PGA Tour, each shot 5-under-par 66s Thursday to share the first-round lead in the B.C. Open. *(UPI)*

Collision Forces Sailor Out of BOC

PROVIDENCE, Rhode Island (AP) — One of the 25 yachts in the 27,000-mile (43,000-kilometer) BOC Challenge around-the-world sailing race has dropped out because of a collision with a fishing boat.

The BOC announced Thursday that the Smirnoff Kilcullen, skippered by Enda O'Coineen of Ireland, lost its mast in a collision with the fishing vessel Catherine Louise off Narragansett, Rhode Island.

Montpellier Topples PSV Eindhoven

MONTPELLIER, France (AP) — Polish forward Jacek Ziober blasted a deflected ball into an open net in the 54th minute, giving Montpellier a 1-0 victory over favored PSV Eindhoven of Holland in the first leg of a European Cup Winners' Cup first-round match Thursday night.

It was the first European tournament match for Eindhoven under the leadership of Bobby Robson, former coach of the English national team.

For the Record

Lothar Matthäus will be out three weeks after twisting a knee during Internazionale Milan's 2-1 UEFA Cup loss to Rapid Vienna. *(Reuters)*

The Nemeth javelin will remain legal in 1991 and world records set with it ratified, the International Amateur Athletic Federation said. *(UPI)*

President George Bush has accepted an invitation to become an honorary member of the Royal and Ancient Golf Club of St. Andrews, Scotland, the club announced. *(AP)*

Leopard Tamakuma of Japan will make his first defense of the World Boxing Association flyweight title against former champion Jesus Rojas of Venezuela on Dec. 6 in Japan. *(AFP)*

Julian Jackson's defense of his World Boxing Council middleweight title against Britain's Herol (Bomber) Graham has been postponed; the Monaco Boxing Association refused to clear Jackson to fight next month because of an eye operation. *(AFP)*

Quotable

• Former champion George Foreman, in London for Tuesday's fight against Terry Anderson of the United States: "I need to find out where the hamburgers are sold in this city so I can get on with my eating." *(AP)*

White Sox Fall 9½ Back

The Associated Press

Henry Cotto homered, tripled and drove in four runs as the Seattle Mariners further drew down the curtain on the American League West race by beating the Chicago White Sox, 7-3.

The loss Thursday in Seattle put the second-place White Sox 9½ games back and reduced Oakland's magic number for clinching the West Division to four.

BASEBALL ROUNDUP

Erik Hanson won his fifth straight decision, retiring the last 11 batters for his second consecutive complete game.

Cotto, in a 9-for-70 rut, tied his major-league career high for runs batted in in a game. He put the Mariners ahead with a two-run triple in the third and hit a two-run homer in the fifth.

Indians 12, Yankees 7: In New York, Carlos Baerga hit a triple and three doubles and Cleveland rallied for 11 runs in the middle three innings on a day when the American League East contenders were idle.

Giants 5, Braves 3: In a National League game in Atlanta, pinch-hitter Mike Laga's tie-breaking two-run homer in the sixth gave Eric Gunderson his first major league victory. Laga, batting for Gunderson, hit his second home run of the season off John Smoltz following a one-out single by Jose Uribe, making the score 4-2.

Cardinals 5, Phillies 4: Rookie Ray Lankford's pinch single capped a three-run ninth inning by the Cardinals in St. Louis. Felix Jose's infield hit made it 4-3 and, after Jose stole second, pinch-hitter Denny Walling singled to tie the score. Ozzie Smith's double sent pinch-runner Dave Collins to third before Lankford's single gave Mike Perez his first victory in the majors.

For Mets, Old Mr. Mo Seems to Have Taken a Hike

New York Times Service

NEW YORK — The only constant in a pennant race is the tension that makes some players grow and others shrink. And you never know until it happens.

The Boston Red Sox, who had led the American League East for most of the season, suddenly start heaving accusations and chairs around the clubhouse. And the New York Mets, with all that talent, never miss a chance to miss a chance.

The bizarre part of this year's races is that the two Canadian entries, Montreal and Toronto, who have frustrated their fans over the years, now stage September charges. Go figure.

The Mets and the Expos staged a doubleheader Thursday to see if either could catch sight of "that Old Mr. Mo," as Bob Ojeda, the Mets' relief pitcher, fondly named the elusive fairy godfather called momentum.

Mo abandoned the Mets — or the Mets abandoned him — as abruptly as Charlie O'Brien headed home in the sixth inning. The tag was waiting for O'Brien about three feet off the ground, right where he would not have been had he bothered to slide.

It was the kind of reverse by Old Mr. Mo that happened after Lou Brock tried to race home when a ball came loose at the plate in the fifth

VANTAGE POINT/George Vecsey

game of the 1968 World Series. The Cardinals never saw Mr. Mo for the next 14 years.

Sometimes, of course, boldness pays off. The Expos tied Thursday's first game in the eighth when Tim Raines had no business trying to score on a dinky fly to short center. But score he did, as Keith Miller made a pitiful throw up the line.

That's the way pennant races turn, or never turn at all, which may be the case with the Mets, who lost the first game as the Pirates were beating up the Cubs on the right-field scoreboard, then lost the second game.

The old hands have seen it turn, all kinds of ways. Larry Bearnarth, the pitching coach of the Expos, was a relief pitcher for the Mets on the last weekend of 1964.

"We beat the Cardinals Friday night, 1-0, and Bob Gibson was the losing pitcher," Bearnarth recalled. "Then we beat them again on Saturday. On Sunday we took a lead early in the game and Gibson came out of the bullpen on one day's rest and shut us down.

"If I ever saw a shift, I saw it that day. It might have been one of the most competitive acts I have ever seen, but I thought I saw the same thing the other night."

He was referring to Darryl Strawberry's three-run homer that gave the Mets a tie in Tuesday's game. Only the Expos rallied in the ninth.

Thursday, the Expos rallied again as yowls of real anger filled Shea Stadium for homeboy John Franco.

The Mets are leaving bad memories all over New York: basepath blunders and sloppy fielding and an inability to drive in runs. That first-game loss Thursday was predictable as early as the first two innings, when the Mets had two hits, two walks, two Montreal errors, and only two runs. They've been doing it all year.

Pennant races magnify the good and the bad. Ojeda recalled that championship season of 1986.

"There was one game when one of our guys bunted down the third-base line and the ball hit a rock or a clump of dirt and it turned fair, and we scored some runs," Ojeda said.

"I believe in destiny," Ojeda said. "I believe that some things are destined to happen, but you may not know it at the time."

"In 1987, when Terry Pendleton hit that homer off Roger McDowell. Even when it happened, you knew it was important."

"In 1988 I believe it was destiny that the Dodgers would win," Ojeda added, referring to epic events like Mike Scioscia's stunning homer off Dwight Gooden in the championship series and Kirk Gibson's epic homer off Dennis Eckersley to win the first game of the Series.

"This year I don't feel destiny for any team," Ojeda said. "You know why? A team that has destiny does not lose six straight. This is a kick-and-scratch race. The indicators will come later."

Looking for signs of destiny is not always easy. Bearnarth said: "I think it helps not to be too cool. I've seen that happen.

"There's the old saying in sports that you've got to stay within yourself," he said. "But baseball also has a history of guys coming out of themselves, like Al Weis hitting a home run in the World Series or Moe Drabowsky striking out 11 guys in the World Series."

The Mets seem to prefer staying within themselves. Their companion seems to not be Mr. Mo but Mr. I, as in Inertia.

From Ohio to Florida, Via the Toilet

The Associated Press

FORT WAYNE, Indiana — Lines for the restrooms at Cincinnati's Riverfront Stadium can be long, but Charles Laramore's trip lasted two days and ended Thursday in Florida.

The 84-year-old got up to use the restroom during Tuesday's game and never returned.

He had made the trip to the ballpark with 63 members of a retired men's club in Fort Wayne, but no one noticed his absence until a head count on the bus after the game.

"The last anyone saw of him was when he got up to use the restroom during the game," Pinkie Irby, the president of the men's club, said Thursday. "When he didn't show up for the bus, we looked for him for about an hour. Then we called the police."

A missing person report was filed with Cincinnati police and broadcast regionally in the hope Laramore might have boarded the wrong bus. Then, without explanation, he turned up Thursday at his brother's home in Jacksonville, Florida.

"We don't know what happened," Irby said. "I really would like to talk with him to find out what happened. Sometimes you get confused; maybe that's all he remembered. I know he used to live in Florida."

Laramore's 50-year-old daughter, Dorothy Winston, said she spoke by telephone with her father, but that it was unclear how he had gotten to Florida from Cincinnati.

"It's a mystery to all of us. He's 84 and his mind isn't what it used to be," said Winston.

"I'm upset. When you take 64 retired senior citizens, you are supposed to definitely watch them," she said. "He's not taking another trip without supervision from the family."

Twin Trouble, Double Afield

The Associated Press

LEWISTON, Maine — It was double jeopardy for the fans when Bates met Colby in a field hockey game this week.

Co-captains Elizabeth Gillis and Mary Kelly led Bates out against the Mules and their twin sisters, Colby co-captains Amy Gillis and Erin Kelly.

Both sets of twins are fraternal, but look enough alike to be identical twins. Not only that, the Bates co-captains are left-handed, their sisters both right-handed.

"I though it was weird when we first played against each other," Erin Kelly said. "It's kind of like a freak show — people come out to watch the twins."

The Kellys are from Dracut, Massachusetts, and specialize in defense. Erin is a psychology major and Mary is concentrating on Spanish.

The Gillis are from Alexandria, Virginia, and are offense-oriented players. In academics, they both major in biology.

"It's always a big rivalry when we play," Amy Gillis said. "It's fun."

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Toronto	82	68	.547	—
Boston	81	69	.540	1
Detroit	73	77	.487	9
Cleveland	71	80	.470	11½
Milwaukee	69	80	.463	12½
Baltimore	67	81	.453	14
New York	60	90	.400	22
West Division				
Oakland	95	54	.638	—
Chicago	86	64	.573	9½
Texas	79	70	.530	16
California	74	75	.497	21
Seattle	74	77	.490	22
Kansas City	69	80	.463	26
Minnesota	68	83	.450	28

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Pittsburgh	86	64	.573	—
New York	83	66	.557	2½
Montreal	81	68	.544	4½
Chicago	71	78	.477	14½
Philadelphia	69	80	.463	16½
St. Louis	67	83	.447	19
West Division				
Cincinnati	83	66	.557	—
Los Angeles	80	70	.533	3½
San Francisco	77	73	.513	6½
San Diego	71	78	.477	12
Houston	69	81	.460	14½
Atlanta	60	90	.400	23½

Pennant Races

REMAINING GAMES
AMERICAN LEAGUE
East Division

TORONTO (12) — HOME (3): Sept. 21, 22, 23, Cleveland. AWAY (9): Sept. 24, 25, 26, Milwaukee; 28, 29, 30, Boston; Oct. 1, 2, 3, Baltimore.

BOSTON (12) — HOME (8): Sept. 25, 26, Cleveland; 28, 29, 30, Toronto; Oct. 1, 2, 3, Chicago. AWAY (4): Sept. 21, 22, 23, New York; 27, Detroit.

NATIONAL LEAGUE
East Division

PITTSBURGH (12) — HOME (9): Sept. 21, 22, 23, St. Louis; 25, 26, 27, Chicago; Oct. 1, 2, 3, New York. AWAY (3): Sept. 28, 29, 30, St. Louis.

NEW YORK (13) — HOME (3): Sept. 28, 29, 30, Chicago. AWAY (10): Sept. 21, 22, 23, 24, Chicago; 25, 26, 27, Montreal; Oct. 1, 2, 3, Pittsburgh.

MONTREAL (13) — HOME (9): Sept. 25, 26, 27, New York; 28, 29, 30, Philadelphia; Oct. 1, 2, 3, St. Louis. AWAY (4): Sept. 21, 22, 23, 24, Philadelphia.

West Division

CINCINNATI (14) — HOME (9): Sept. 25, 26, 27, Atlanta; 28, 29, 30, San Diego; Oct. 1, 2, 3, Houston. AWAY (5): Sept. 20, Houston; 21, 22 (2), 23, San Diego.

LOS ANGELES (13) — HOME (7): Sept. 20, San Diego; 21, 22, 23, San Francisco; Oct. 1, 2, 3, San Diego. AWAY (6): Sept. 24, 25, 26, Houston; 28, 29, 30, San Francisco.

Thursday's Line Scores

AMERICAN LEAGUE

Cleveland 100 443 000—12 14 2
New York 040 100 020—7 9 3
Swindell, M. Walker (2), Olin (8) and Skinner; Eiland, Monteleone (4), Cadaret (5), Habyan (6), Mills (8) and Leyritz, Nokes (4). W—M. Walker, 2-6. L—Monteleone, 0-1. HR—New York, Balboni (16).

Chicago 011 100 000—3 8 0
Seattle 004 020 01x—7 9 0
Hibbard, Rosenberg (6), Radinsky (8) and Fisk; Hanson and Valle. W—Hanson, 16-9. L—Hibbard, 13-9. HRs—Seattle, Cotto (4), A. Davis (14).

NATIONAL LEAGUE

First Game:
Montreal 001 100 040—6 8 2
New York 110 011 000—4 8 1
Barnes, Rojas (7), Burke (8) and Santovenia; Viola, Franco (8), Pena (9) and O'Brien. W—Rojas, 3-1. L—Viola, 19-10. Sv—Burke (20). HRs—Montreal, Raines (8), Wallach (20).

Second Game:
Montreal 000 200 000—2 3 0
New York 000 000 000—0 1 0
Nabholz and Fitzgerald; Fernandez, Whitehurst (7), Schatzeder (9), Innis (9) and O'Brien, Hundley (9). W—Nabholz, 6-0. L—Fernandez, 9-14.

Pittsburgh 130 203 020—11 10 2
Chicago 000 011 000—2 7 3
Walk, Palacios (6) and LaValliere; Kramer, Coffman (2), Williams (6), Long (8), Lancaster (9) and Girardi. W—Walk, 6-5. L—Kramer 0-3. Sv—Palacios (1). HRs—Pittsburgh, Van Slyke 2 (17), Bonds (32). Chicago, Sandberg (37).

San Francisco 000 202 100—5 11 2
Atlanta 110 001 000—3 5 0
Gunderson, Reuschel (6) and Decker; Smoltz, Castillo (7), Parrett (7), Mercker (9) and Olson. W—Gunderson, 1-2. L—Smoltz, 13-10. Sv—Reuschel (1). HR—San Francisco, Laga (2).

Cincinnati 010 100 000—2 6 0
Houston 000 001 002—3 5 1
Charlton, Myers (8) and J. Reed; Scott, X. Hernandez (9) and Biggio. W—X. Hernandez, 2-0. L—Myers, 3-5. HR—Cincinnati, E. Davis (22).

Philadelphia 000 004 000—4 8 0
St. Louis 000 002 003—5 10 1
Mulholland, R. McDowell (9) and Daulton; B. Smith, Sherrill (6), Niedenfuer (6), Di Pino (7), Perez (9) and Stephens. W—Perez, 1-0. L—McDowell, 6-8. HR—St. Louis, Stephens (1).

San Diego 000 000 002—2 6 0
Los Angeles 020 005 00x—7 11 0
Benes, Rl. Rodriguez (6), Schiraldi (8) and Santiago; Martinez and Scioscia. W—Martinez, 19-6. L—Benes, 10-9. HR—San Diego, Santiago (11).

GOLF

World Match Play

Friday's second round scores in the World Match Play tournament at the West Course, Wentworth:

Ian Woosnam, Wales, def. Ronan Rafferty, Northern Ireland, 5 and 4.
Mark McNulty, Zimbabwe, def. Hale Irwin, U.S., 5 and 4.
Chip Beck, U.S., def. Nick Faldo, England, 2 and 1.
Greg Norman, Australia, def. Wayne Grady, Australia, on 38th hole.

Thursday's Scores

Chip Beck, U.S., def. Ryoken Kawagishi, Japan, 4 and 3.
Ronan Rafferty, Northern Ireland, def. Severiano Ballesteros, Spain, 8 and 6.
Wayne Grady, Australia, def. Bernhard Langer, West Germany, 4 and 2.
Mark McNulty, Zimbabwe, def. Billy Ray Brown, U.S., 4 and 2.

FOOTBALL

Canadian Football

THURSDAY'S RESULT
Toronto 70, Calgary 18

TENNIS

Davis Cup

WORLD GROUP SEMIFINALS
Singles:
Australia 2, Argentina 0
Pat Cash def. Alberto Mancini, 6-1, 6-1, 6-2; Wally Masur def. Martin Jaite, 3-6, 6-7 (4-7), 6-4, 6-0, 6-2.
Austria 1, United States 1
Thomas Muster, Austria, def. Michael Chang, 4-6, 6-2, 6-2, 6-4; Andre Agassi, U.S., def. Horst Skoff, 7-6 (7-3), 6-0, 6-1.

WORLD GROUP QUALIFYING ROUND
Singles:
France 2, Britain 0
Henri Leconte, def. Nick Brown, 6-3, 7-6 (7-5), 6-2; Guy Forget, def. Jeremy Bates, 2-6 7-6 (7-5) 6-4 6-1.
Yugoslavia 1, Switzerland 0
Goran Ivanisevic def. Marc Rosset, 6-4, 4-6, 6-7, 6-3, 6-2.
Sweden 1, Finland 0
Stefan Edberg def. Aki Rahunen, 6-1, 6-1, 7-6.

TRANSACTIONS

BASEBALL
American League

CLEVELAND—Retired Mark Wiley, Jose Morales, Rich Dauer, Mike Hargrove, Luis Isaac, and Billy Williams, coaches, for next season.

SEATTLE—Fired Bob Harrison, scout.

BASKETBALL
National Basketball Association

SACRAMENTO—Signed Anthony Bonner, forward, to three-year contract.

FOOTBALL
National Football League

NFL—Suspended Terry Taylor, Detroit Lions cornerback, for life after testing positive for illegal substances for a third time.

ATLANTA—Released Gilbert Renfroe, quarterback. Re-signed William Evers, defensive back.

SAN DIEGO—Signed Ron Heard, wide receiver. Released Jerry Mays, running back.

HOCKEY
National Hockey League

HARTFORD WHALERS—Signed Mikael Andersson, left wing, to multiyear contract. Released Mark Vochon, David Flanagan, and Don Shea, forwards, and Rob White and Mike Cavanaugh, defensemen.

NEW YORK RANGERS—Signed Kevin Miller, center, and Bob Froese and Mark Laforest, goaltenders. Assigned Craig Barnett, Scott Brower, and Sam St. Laurent, goaltenders; Gord Cernich, Todd Charlesworth, Murray Duval, Peter Fiorentino, Eric Germain, Rob Krauss, Mike Hurlbut and Peter Laviolette, defensemen; and Martin Bergeron, Bob Bodak, Chris Cichocki, Ross Fitzpatrick, Mike Golden, Daniel Lacroix, Joe Paterson, Greg Spenrath and Soren True, forwards, to Binghamton, American Hockey League.

PITTSBURGH PENGUINS—Assigned Jock Callander, Mitch Wilson, Mark Maier and Jason Smart, forwards; Rob Dopson and Chris Clifford, goalies; and Mike Mersh and Scott Shaunessy, defensemen; to Muskegon, International Hockey League.

COLLEGE

CLEVELAND STATE—Named Mike Boyd men's basketball coach.

PRINCETON—Named Greg Hamilton assistant baseball coach.

RADFORD—Named Steve Billings interim lacrosse coach.

XAVIER, OHIO—Named Louis Orr men's assistant basketball coach.

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DAVE BARRY

The Hunks of Summer

MIAMI — October is almost here, sports fans, and you know what that means: It means two-thirds of the National Football League has already been sidelined with knee injuries. But it also means that we're entering the pulse-pounding final weeks of the current baseball season, which began, according to my calculations, in 1987.

And what a season it has been! The big highlight, of course, was George Steinbrenner receiving a lifetime suspension from the game for invading Kuwait. Also there have been a number of "no-hitters," which are a very exciting brand of baseball action wherein one of the teams never even THREATENS to win. One of these was pitched by the phenomenal Nolan Ryan, who, at 67 years old, continues to rack up victories because the umpires feel sorry for him.

UMPIRE: Strike one!

BATTER: Wait a minute! He didn't even PITCH it yet!

UMPIRE: Strike three!

□

Yes, these are the things that make baseball a fundamental American institution, like call waiting and NutraSweet. My own fond baseball memories date back to when I was a youngster in Little League and huge mutant opposition youngsters would pitch baseballs into my left kidney at an estimated 425 miles per hour. Back then I formed a feeling for the game that persists today, especially when I make sudden movements, and as a father I've done my best to pass "baseball fever" along to my son.

"Hey, Robby!" I'll say, just as sports-loving American dads have said to their kids for generations. "Let's play the 'Bases Loaded' baseball game on the Nintendo!" Robby enjoys this because it gives him an opportunity to pick up some "pointers" from his old man:

ME: What's the score?

ROBBY: I have 157 and you have 3.

ME: Shut up.

Yes, baseball brings out powerful emotions, as you know if you saw the deeply moving picture "Field of Dreams," which tells the heartwarming story of a man, played by Kevin Costner, who receives instructions from corn. One day the corn tells him to build a baseball field next to his house, so naturally he does. (It could have been worse: A really malevolent vegetable, such as zucchini, would have told him to build a nuclear reactor.)

Watching this movie, especially the emotion-packed ending, I had tears in my eyes as I thought to myself: "How come my wife never looks at me the way she looks at Kevin Costner?" I mean, when she gets a close look at him, it's always from a very flattering camera angle, plus he has just had his hair done and his makeup applied and his teeth capped and his jeans shrunk; whereas when she gets a close look at me, it's in a less impressive situation, such as I'm checking to see whether I can still make comical noises with my armpit. I think we need a federal law requiring that whenever a known hunk appears in a movie, there has to be some detail designed to make him, in some subtle way, less attractive.

MOVIE ACTRESS: Let's take off most of our clothes and enact a passionate love scene.

KEVIN COSTNER: O.K., but first take a look at this nostril zit.

□

NOTE FROM THE EDITOR: Our starting columnist has gotten himself mired in a severe digression here, so in an effort to finish this column on the original topic, we're going to bring in a relief columnist.

Baseball. It's often called "a game of inches," and for good reason: Sports fans would get angry if you came right out and called it "a game where guys getting paid millions of dollars stand around doing absolutely nothing for minutes on end except spit." The reason for this, of course, is: strategy. As you know if you listen to expert droning baseball analysts on TV, more strategic thought goes into ONE SINGLE PITCH than into the entire U.S. foreign policy:

BROADCAST ANALYST: In this situation, Garcia might throw the curve, although Edwards could be LOOKING for the curve, so Garcia might come with the slider, unless of course he thinks that Edwards THINKS he's going with the slider, in which case he might go with the FASTBALL, although for that VERY REASON he might decide to go with the original curve, although as I said earlier, Edwards might be LOOKING for the curve, so Garcia might come with . . .

Knight-Ridder Newspapers

The Legacy, the Priest and the Mayor

By Alan Riding
New York Times Service

ESTEPONA, Spain — At first glance, with its white arabesque apartment complexes and its marina crowded with yachts, Estepona could pass for any of a score of overbuilt tourist resorts that have sprung up along the Costa del Sol in the last 30 years.

But the past somehow survives here, keeping alive a tradition of fishing and farming and, in the narrow sloping streets above the port, the Andalusian way of life.

"Everyone knows everyone," a resident said. "You must always ask, 'How's your family, how's your mother?' "

It seems proper, then, that Estepona's future should now be about to be transformed, not by the tastes of tourists or the greed of developers today but, rather, by decisions made decades ago that have only recently become known.

The Lorca-like story revolves around devout families, old spinsters, an unrequited love, a powerful priest and an astute mayor. Its denouement, in the early 1990s, should be the construction in tiny Estepona of one of the largest university campuses in Europe.

"We're going to build an industry of culture," said Manuel Sánchez Bracho, a former mathematics teacher who is now the mayor of this town of 40,000 inhabitants 80 kilometers (50 miles) west of Málaga. "It's going to change the whole of the coast."

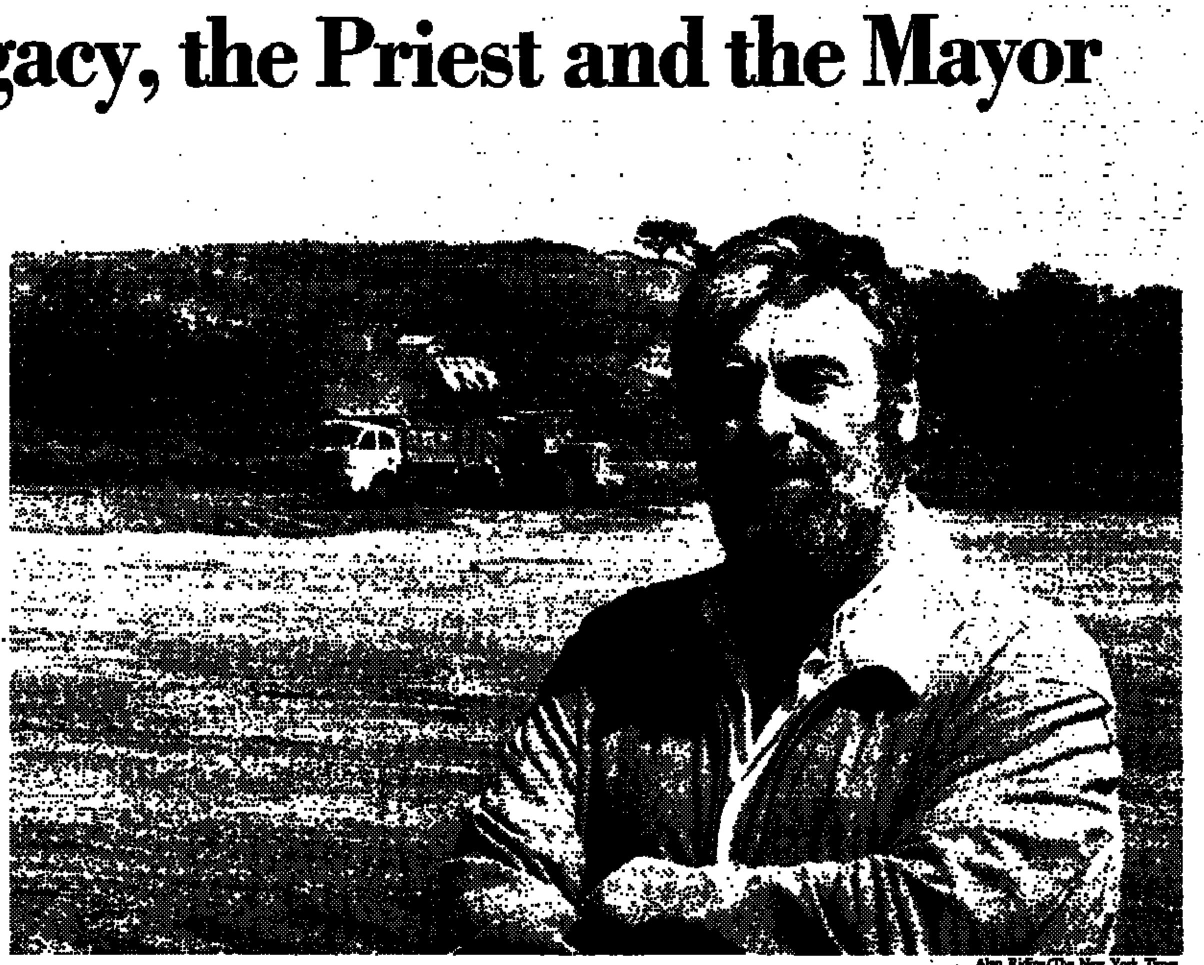
Antonia Guerrero, one hopes, would have been pleased. Before she died a spinster in 1928, she recorded in her will that "the greatest pain of her life" was that, because she was a woman and had not been properly educated, she had not fulfilled God's mission for her in this world.

While bequeathing eight properties to a nephew and two nieces, she therefore ordered that if they too died childless, her legacy should go to an Antonia Guerrero Foundation, which would finance the higher education of the "poor women" of Estepona, preferably in law or the humanities.

Her relatives — José, Carmen, and María Nadal Guerrero — were themselves well off. They inherited all the belongings of one Cristóbal Navarro, a local politician who, according to local legend, never married because he had sworn his undying love for their mother, Isabel. They also had property of their own.

Don José, as he is still known with a certain reverence, died 20 years ago without children.

"He was all of a gentleman," Dolores Jiménez recalled. "He would go to Mass every morning in a suit and a hat. And when he came out, the poor and the gypsies would be waiting for him to hand out coins. He was a very good Catholic."



Alan Riding/The New York Times

Manuel Sánchez Bracho, the mayor of Estepona, at one of the construction sites made possible by a will dating from 1928.

He was no less admired by his spinster sisters. In a will written before her death in 1978, the surviving sister, María, gave everything she had inherited from him to a José Nadal Foundation, which would carry out "religious, charitable, and educational works" as defined by the town's Roman Catholic priest, the Reverend Manuel Sánchez Ariza.

Today, it is viewed as a stroke of luck that Father Sánchez failed to execute the will, because, in the meantime, land prices continued to multiply. When his papers were sorted out after his death in 1988, the Catholic Church recognized that it had inherited a major fortune.

Not only did María Nadal give control of the foundation to Bishop Teodoro Ubeda of Majorca in the event of Father Sánchez's death, but she also bequeathed almost all of her own properties in Estepona and in her home town of Onteniente, near Valencia, to different Catholic charities and institutions.

"I only heard of the José Nadal Foundation 10 months ago," said Mayor Sánchez, who is not related to the priest. "And it set me thinking. I'd heard that the Pontifical University of Salamanca wanted to open a branch in southern Spain, and I thought, why not Estepona? So I began negotiating with the church."

It was, he said with undisguised pride, like David taking on Goliath. But he had a powerful sling.

"The value of the foundation's land in Estepona depended entirely on how the town council decided it could be used," he said. "If we said it could only be used for growing potatoes, it was worthless."

He therefore laid down his terms: In exchange for authorizing construction of a 36-hole golf course, luxury homes and hotels, the church agreed that Salamanca's Catholic university would build and run the University of Estepona on a prime 92-hectare (230-acre) plot overlooking the Mediterranean.

Further, under a provisional agreement reached last month, other properties owned by the foundation will be used for a cultural center and a sports complex.

"We'll pay for construction," the mayor said as he watched heavy machinery preparing the ground for a small soccer stadium. "But the land is free."

What must now be decided is how the Antonia Guerrero Foundation will fit in. Her will gave ample powers to a board comprising the mayor, the local judge, the oldest woman teacher and another woman of her choice. The mayor and the judge are already wondering what Doña Antonia would have wanted.

"If she wrote her will today, she would see there are more women than men studying in Estepona," Sánchez said. "It's only a personal opinion, but I don't think she would have distinguished between the sexes today. And I don't think she would have promoted only law and the humanities."

Judge Alicia Rodríguez, who insisted that she is not a feminist, noted with a smile that the three women on the board would have the last word. "But it is now reasonable to give scholarships to both sexes," she added. "The important thing is to bring culture to Andalusia. You know, when I first heard that the University of Salamanca was coming here, I thought it was science fiction."

PEOPLE

British Actors' Equity Revives Casting Dispute

The **British Actors' Equity Association** has agreed to the casting of the black American actor **Ken Page** as God in a new West End musical, "Children of Eden," based on the Book of Genesis. But the union has rekindled the dispute over foreign casting by refusing to allow two Japanese actresses to play and understudy the role of Noah's daughter-in-law. The union's executive committee was convinced "that a serious attempt had been made to cast the part of God from among British artists," said **Peter Plouviez**, Equity's general secretary. But "in the case of the Japanese artists, the committee was not persuaded" that the parts could not be cast in Britain. The show is written for a racially diverse cast, and the role of God is meant to be played by a black.

□

Although **Nigel Nicolson** approved of the **British Broadcasting Corp.** plan to make a series based on his book "Portrait of a Marriage," he has now said he is unhappy with the result. The book deals with the unconventional marriage of his parents, **Sir Harold Nicolson**, the diplomat and author, and **Vita Sackville-West**, the writer, including their extramarital affairs. Nicolson has said that he was offended by the emphasis on his mother's affairs, with the writers **Virginia Woolf** and **Violet Trefusis**, shown in bedroom scenes.

□

Cher was about 15 minutes late for tea with **Barbara Bush**. When she got to the White House gate she realized she didn't have any identification with her and asked her driver to take her back to the hotel to get it. Cher was concerned she wouldn't be able to prove who she was and wouldn't be allowed through the gates.

□

A florist who rented space to director **Spike Lee** for his new movie "Jungle Fever" has been the target of vandalism and a racist threat. Police are giving special protection to **James Longo's** shop in Brooklyn after vandals twice smashed the shop windows and the window of Longo's van, which was parked in front of the store. Lee's best-known movie, the 1989 release "Do the Right Thing," depicted racial strife in a Brooklyn neighborhood.

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